

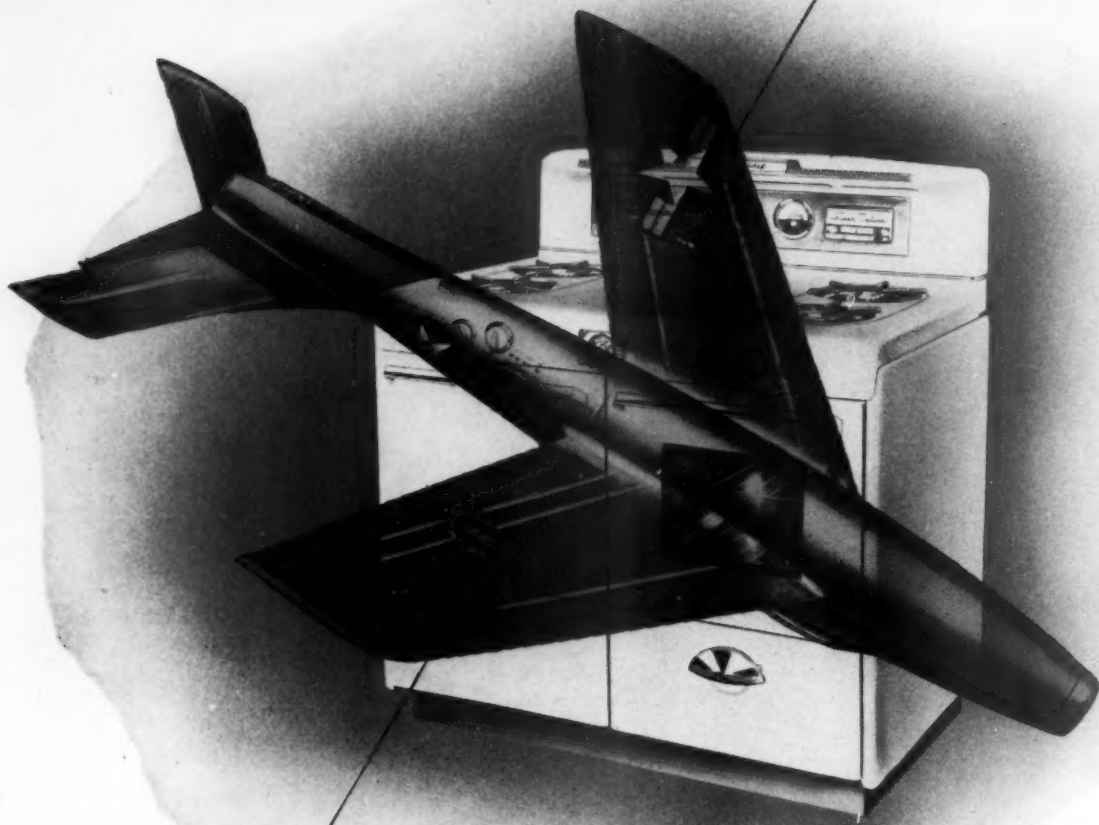
AMERICAN GAS ASSOCIATION

Monthly

JUNE
1953



HAND IN HAND....



A half century of progress and integrity went into the development of "Magic Chef"... the modern range which has done so much to free the American housewife from kitchen slavery. >>> Today, the ingenuity and production facilities of the "Magic Chef" makers have been teamed with those of more than 2,200 other manufacturers, large and small, to protect her very way of life. Working smoothly and efficiently, they help REPUBLIC to produce one of the vital factors in our defense against aggression... REPUBLIC's swept-wing F-84F THUNDERSTREAK, now being delivered to the USAF.

Complementing industry's leaders who supplement our production... more than two-thirds of all REPUBLIC sub-contracting dollars go to small business.

Henry J. Pease
PRESIDENT

REPUBLIC AVIATION

FARMINGDALE LONG ISLAND, N. Y.



THIS IS NUMBER FOUR IN AN INFORMATIVE
SERIES BY REPUBLIC AVIATION CORPORATION

Makers of the Mighty Thunderbolt · Thunderjet · Thunderstreak · XF-91

A gas
and met
isfying
by one



A SPIDER staging unit, a safe and maneuverable apparatus, is used during work on Southern California Gas Co. holders

A DETERMINED realism is abroad in the gas industry. It is implicit in the universal resolve of gas men to protect and extend gas utility loads and appliance sales. It is implicit in the comprehensive Gas Industry Development Program, which is amassing wide support.

The need for such a program, and the rich rewards it can bring, are detailed in the promise and the warning which A. G. A. President Frank C. Smith has been sounding from conference rostrums. Starkly summarized in the title of one of his addresses, his theme has been "Sell (and you'll prosper) or (don't promote and you'll) Shrive!"

Symptomatic of industry thinking—reported in these pages—is the sharp rise of appliance testing at A. G. A. Laboratories, the reorganization of the A. G. A. Operating Section, the foreseeable completion of major large-scale pipeline extensions throughout the country and the preoccupation of public utility advertising leaders with public relations.

The attitude is determined and justifiably optimistic. But the combined resources of an alert gas industry will be necessary to meet its competitive challenge.

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A gas range manufacturer's proficiency in design and metal working—developed during years of satisfying users of gas, the fastest fuel—is recognized by one of the top producers of the fastest of planes

The gas industry, utility and manufacturer alike, has no trouble that successful merchandising will not cure. Simply stated, the prognosis is

Take a choice: Sell or shrivel!

By FRANK C. SMITH

*President, American Gas Association
President, Houston Natural Gas Corporation,
Houston, Texas*

Almost exactly a year ago it was brought home to us that an illness had seized upon one member after another of our gas utility business and had evidenced itself and its result in almost epidemic form in the ranks of our blood brother, the gas appliance manufacturing industry. The symptoms were plain and the cause of the disease unmistakable.

As I have said repeatedly, never has our industry, nationwide, done so much business; never were its opportunities greater; never were its securities sounder. What, then, the illness, if our health is so robust? As Frank Trembly said so aptly in a recent article:

"Utility managements both at the top level and in the sales department have been lulled into a sense of false security by the commendable growth of our industry in recent years. The sharply increasing load curves are a joy to behold; and if they told the full story, there would be no need for a call to arms or the presentation of a challenge to our industry. Actually, while we have been gaining load in large increments, particularly in heating, we have also been losing sizable portions of our cooking and water heating loads to our competitors. Consistently, year by year, our percentage of the total cooking

market has decreased, with our industry apparently resigned to this situation."

And he was talking about just a part of our business, and supported this statement by the following:

"During the seven post-war years (1946-1952) the number of city gas residential customers has increased by 5,400,000; but during that same period, there have been 8,733,000 electric ranges installed. These represent a loss, or at the very least, a failure to gain gas cooking customers to the extent that they were installed in areas where city gas was available."

In the foreword to the article from which I have quoted Mr. Trembly commented further:

"Much has been written and spoken in recent years about the responsibility of the gas industry to merchandise and promote its product aggressively in the residential field. Notwithstanding this avalanche of well intended and well justified advice, the industry has for the most part given but lip service to such a program, and where the advice has been most needed, but little has been done."

With this comment I am in full agreement. We have had lofty plans and piecemeal programs, but never yet has our industry moved together and acted as a unit to resist the encroachments that threaten us more gravely now than ever before. One might almost say that we are and have been living in a false paradise of more send-out, of increasing demand, of greater volume of business, with little or no thought of what is happening to us as an industry at our most vulnerable point, where competition hits hardest and with most effect—the kitchen load.

Abridged version of an address delivered before the annual convention of the Southern Gas Association, New Orleans, May 11-13, 1953.

The story of the increasing number of obsolete appliances in our gas customers' homes, of accelerating electric encroachment, especially on the cooking load, of the disastrous lack of support of gas refrigerator sales, of cheap and under-sized gas water heating installations, of decreasing brand-name advertising—with a few brilliant, heartening exceptions; in brief, the story of an industry suffering, and still suffering, from a dozen ailments, is too familiar to you for me to detail it.

You know that if our industry had been in abounding health, the encroachment of electric cooking, with all its disadvantages compared to gas, could never have happened; that Servel would not have been obliged to go into electric appliance manufacture and into duplication of its gas refrigerator with an electric compressor line in order to stay in business; that the gas incinerator, installed in 30 thousand homes in one city alone, would not be practically unknown in most cities; that the great volume of gas water heater sales would not be shamefully under-sized, of lowest quality and price.

As the result of, and in proof of these ailments, last spring representative manufacturers of gas appliances for household use indicated their concern, and some their distress, because of: 1. the decline in sales of appliances, especially those of high quality and price, and 2. the growing encroachment upon gas appliance sales by electric ranges, water heaters and refrigerators. They attributed these symptoms of apathy and decay to the apparent disinterest in and withdrawal from appliance merchandising and sales promotion by many utilities.

Of course, we knew that some few appliance manufacturers were sick and weak; that some others had decided, in their own interest, to play both sides and were making competitive electric appliances too; and that the trend, especially as to electric cooking, was turning against us. We realized our vulnerability at the point of greatest weakness, our customer's kitchen.

This slackness, this reversed trend, is not universal. But there is more than enough of it in our industry to make many appliance manufacturers sick and weak.

Realized need for action program

The gas industry has sought, during this past year, upon seeing these danger signals, to find the facts, diagnose the disease, and seek the cure. It is the story of abrupt realization by two trade associations, A. G. A. and GAMA, that the great industry they serve, and their respective components—utilities and manufacturers—needed a searching analysis of its lack of progress. It is the story of the organization of committees from the Board of Directors of each, of the series of meetings over seven months to determine, in areas of mutual interest, what was wrong, and how to remedy it; of the final formulation of recommended action based upon an agreed appraisal of the facts, and of the adoption of those recommendations by the Boards of the two Associations. These recommendations, refined into action programs for utilities and for manufacturers respectively, we now call the Gas Industry Development Program.

Within the past few days, A. G. A.'s Gas Industry Development Committee met to consider the returns received from the members of top management to whom the program has been submitted. General approval was emphatically expressed, and compliance with each point proposed by the program is

fully assured, and, in most instances, was unanimous.

This program deserves study with care and deliberation, and judgment passed with respect to one's own company as well as to the whole industry. In a sentence, it urges the acceptance of sales responsibility by the utility; heightened gas appliance sales activity or dealer promotion, or both; special attention to new home and replacement selling; emphasis and action on better quality appliances, uniform and adequate service and safety practices; and determination of its market potentials by every company, for which A. G. A. and GAMA both, can find and supply needed techniques to their members.

A. G. A.'s Board, at its meeting in February, took action to assure that all staff and committee work related to any point of the program shall be directed towards its accomplishment. A. G. A. is being fully oriented to its Gas Industry Development Program. GAMA has such a program, with a corresponding point for each of A. G. A.'s, so that appliance manufacturers also have a definite course of action recommended to them, just as the utilities have. Splendid progress is reported by GAMA in putting its program before its industry and in gaining assurance of industry compliance.

Program points are action tested

No magic is claimed for this program recommended to remedy our admitted troubles. Indeed, some complain that it contains nothing new. Its every point is based upon the application of common sense and experience to the evidence reviewed by the several Task Committees through months of study. The points are not even new, but together they comprise a coordinated program of action by utility and manufacturer.

The cooking load's trend is toward electric appliances, and we appreciate the disastrous effect its continuance would have on gas utility and gas appliance manufacturer alike. The Gas Industry Development Program, if adopted and carried forward by a united industry, will overcome this condition and turn the trend again our way.

Gas water heaters all too often are of such low quality that service cost is objectionably high, and of such low price that the manufacturer's profit is either small or non-existent. The Gas Industry Development Program, if adopted and carried forward by a united industry, will solve this problem too. No magic—just common sense—the formula that has always worked; analysis, realization, decision, then action. This program is within the capacity of every gas utility, large and small. Applied with intelligence and determination, it will not fail us.

Many a sales manager has a good sales plan embodying the first eight points of the program, which relate to merchandising and sales promotion; but not many have been given the green light to go ahead, and this is why we have sought to interest and enlist the support of top management. It is with groups of sales executives that the greatest responsibility rests, once top management has given the signal to go ahead. It has been said, time and again, "The gas industry, utility and manufacturer alike, has no trouble that successful merchandising will not cure." It is literally a case of "Sell—or Shrive!" Whatever the footage of pipe in the ground, whatever our service, our safety, our personnel policies, if our markets contract, we shall shrivel. First, it will affect the ap-

(Continued on page 52)

Hold first Transmission confab

Closer integration of natural gas into A.G.A. operating activities gets fine start at successful conference



Frank C. Smith, president, A. G. A. and Houston Natural Gas Corp., accepted U. S. Department of the Interior's Conservation Service Award, responding to a presentation address by R. A. Cattell, chief, Petroleum and Natural Gas Branch. (A. G. A. Monthly, May)

A successful step in industry progress was the opinion of the majority of the more than 400 delegates registering at the first natural gas Transmission and Storage Conference sponsored by the A. G. A. Operating Section, Edgewater Beach Hotel, Chicago, April 30-May 1.

In a measure the new conference was designed to replace the Spring Conferences of the A. G. A. Natural Gas Department that were dropped when a revised Constitution and By-Laws eliminated separate Natural Gas and Manufactured Gas Departments. The new conference offered two full days of information gathering for natural gas representatives, particularly in the operating and technical fields.

Walter H. Davidson, Transcontinental Gas Pipe Line Corp., Houston, and vice-chairman, A. G. A. Operating Section in his address of welcome, said that only through utilization of a greater portion of the A. G. A. staff and its facilities could the Association offer greater serv-

ice to the fast-growing natural gas section of the industry. The Transmission and Storage Conference was the first example of those Association assets being put to work.

The changes and benefits deriving from the organizational change were further emphasized by Frank C. Smith, president, American Gas Association and president, Houston Natural Gas Corporation. The A. G. A. president outlined the steps taken to eliminate former natural and manufactured gas departments and to assign to the Operating Section of A. G. A. the "authority to consider and deal with all matters relating to producing, gathering, manufacturing, storing, transmitting and distributing gas and by-products."

This expanded jurisdiction created a problem for the Operating Section, Mr. Smith declared. He told delegates how the section had gone about handling that problem by adding new section officers and committees to represent the trans-

mission companies, including 22 members to the Section's managing committee and three members to the Executive Committee for the same purpose. As a result of these changes, companies and individuals connected primarily with natural gas producing, transmission and storage have a full and equal voice in planning and carrying out the policies and programs of the Section. Mr. Smith said:

"The one basic objective of these changes is to assure that, through the American Gas Association, programs will be developed; activities undertaken; and services rendered to further the best interests of companies and individuals engaged in the various operations connected with this vital phase of our industry."

At the end of his informative report, Mr. Smith, on behalf of the Association, received an engraved certificate from the United States Department of the Interior for outstanding and distinguished serv-



Speakers at the opening session of the Transmission and Storage Conference included Walter H. Davidson, Houston, conference chairman, F. A. Hough, Los Angeles, W. E. Ferguson, Columbus, Ohio, William M. Deaton, Amarillo



Committee Chairman John B. Corrin, Jr., Clarksburg, reported on underground storage expansion, E. E. Stovall, Dallas, on large diameter orifice tube testing, and Joe T. Innis, Omaha, on the A. G. A. pipeline research program



The panel at the Gas Measurement luncheon conference included: S. R. Beiler, Columbus, Ohio; H. S. Bean, Washington; J. E. Overbeck, Columbus, who acted as chairman; F. M. Partridge, Los Angeles; and E. E. Stovall, Dallas



Sitting at the speakers' table of the Compressor Station luncheon was R. M. Greene, Olean, N. Y.; Edward N. Henderson, Little Rock; C. S. Kenworthy, Chicago, chairman; C. S. Culver, San Antonio; and R. R. Parker, Chicago

ices to the department in the conservation of natural resources.

R. A. Cattell, chief, Petroleum and Natural Gas Branch, U.S. Bureau of Mines, in making the presentation, stated that this was one of the first awards ever given by the bureau to an organization or individual outside the Department of the Interior. He reviewed the many projects in which the A. G. A. or its predecessor organizations and the Bureau of Mines had cooperated beginning in 1920 when A. G. A. was only two years old, and the Natural Gas Association of America had not yet merged with A. G. A. Since that time, A. G. A. has shared in cost and technical phases of many different projects designed to conserve natural gas and to inform the public about better methods of utilizing natural gas, Mr. Cattell said. [See A. G. A. MONTHLY, May 1953, page 17.]

The balance of the morning general session was devoted to technical papers.

William M. Deaton, U. S. Bureau of Mines, Amarillo, Texas, described new instruments developed for the measurement of water vapor in natural gas, illustrating his talk with slides. F. A. Hough, vice-president, Southern Counties Gas Co., Los Angeles, presented a valuable report on the status, and progress of the work being done by a subcommittee which he heads, on revising the safety code for pressure piping. His committee has worked for many months on a revised code to be included in American Standards Association's Code B 31, that will insure safe materials, installation and practices in the transmission and distribution of natural gas. He outlined the scope of the project, relating many of the problems encountered in attempting to draft an all-inclusive code that will further increase the confidence of the public in the natural gas industry.

Causes of brittle fractures in steel, one of the problems which faced the subcommittee on gas transmission and pres-

sure piping, were highlighted in an illustrated talk by Professor Earl R. Parker, University of California, Berkeley. With a broad background in metallurgy, he described several phenomena that could cause cleavage or breaks in natural gas and other steel pipelines.

Underground storage of natural gas is a development that assumes ever-increasing importance in the economics of natural gas distribution. The Ohio Fuel Gas Co., Columbus, was one of the first gas utilities to realize the load factor benefits that could be gained through storing millions of cubic feet of gas during the summer months to be withdrawn to meet peak load demands in the winter period. W. E. Ferguson, vice-president of that utility, explained with illustrated slides, the development and operation of one of the several underground storage projects his company maintains. Starting with 16 wells converted to storage in 1936, the Ohio Fuel Gas Co. last year had in operation 251 wells, holding a maximum

volume of 27,717,190 Mcf of natural gas in storage.

Four concurrent luncheon conferences occupied the afternoon sessions on both days. Luncheons began at 12:30 and the conferences continued through the afternoon, with complete attendance attesting to the interest reigning in each of the discussion groups. Discussions at each meeting presented one major topic, but were not confined to a single subject. The question and answer periods of the discussion covered a wide range of subjects.

One luncheon meeting was devoted to discussing more fully the work of revising the code for pressure piping. Here F. A. Hough, as conference chairman, offered an opportunity for presentation and discussion of problems of individual companies.

C. S. Kenworthy, Natural Gas Pipeline Co., presided at a conference on compressor stations. He was assisted in conducting a symposium on the subject by Edward Henderson, R. R. Parker, Dr. C. A. Culver and R. M. Greene. Each of the panel members presented a paper on a different phase of compressor station operation. A. D. Simpson, United Gas Corp., was chairman of a corrosion conference, assisted by an informal panel in covering several phases in this field.

At a gas processing conference, headed by T. S. Bacon, Lone Star Gas Co., a discussion covered such subjects as dehydration, gas cleaners, nitrogen removal, separators and natural gas plants.

At the opening of the Friday morning session, H. Carl Wolf, managing director, A. G. A., again welcomed the delegates and re-offered to all members of the natural gas branch, the full facilities of the Association. He urged the delegates to participate actively in association affairs and to present to the interested sections any problems or ideas that might occur to them.

Joe T. Innis, Northern Natural Gas Co., Omaha, and chairman of the A. G. A. Pipeline Research Committee, reviewed the past progress and the future projects in pipeline research being undertaken under the industry's cooperative Promotion, Advertising and Research (PAR) Plan. With the increasing importance of natural gas, more and more attention is being devoted to this type of research.

E. E. Stovall, Lone Star Gas Co., presented a report on testing of large diameter orifice tubes. As chairman of a joint



Grouped at the head table of Corrosion Committee luncheon were: C. E. Graves and S. W. Horsfield, Mineola, N. Y.; E. C. Brenner, Milwaukee; A. D. Simpson, Jr., Houston, who acted as chairman; Thomas F. Kelly, Houston; R. C. Kenan, Chicago; J. E. Gibbons, Bradford, Pa.; and Stephen D. Day, Houston



The panel leading the discussion of Dispatching and Communications included: D. E. York, Charleston, W. Va.; C. E. Upton, Chicago; H. A. Rhodes, Houston; W. T. Bulla, Chicago, and T. B. Kelly, Shreveport, were co-chairmen of the session; S. A. Chadwell, Charleston, W. Va.; W. S. Crutchley, Clarksburg, W. Va.



Panel members at the Underground Storage luncheon conference were: Charles C. Ingram, Tulsa; James G. White, St. Louis; Mark Burlingame, Chicago; John W. Goodman, Pittsburgh, chairman; L. R. Kirk, Toledo; C. W. Studt, Independence, Kan.; F. H. Finn, Pittsburgh; John B. Corrin, Jr., Clarksburg, W. Va.

A. G. A.-American Society of Mechanical Engineers Subcommittee that has been reviewing this subject, he was able to offer up-to-the-minute factual information to delegates. Selection and training of engineering personnel was the subject of a paper given by Dr. S. M. Viteles, Philadelphia Electric Company. He presented some basic standards that could be used by any organization seeking

young talent in the engineering field.

Assembling statistics on underground storage of gas is a comparatively recent undertaking of American Gas Association. John B. Corrin, Jr., Hope Natural Gas Co., chairman of the subcommittee in charge of this project, reported that at the end of 1952 there were 151 underground storage pools operating in 16 states compared with an estimated 50



A luncheon session, devoted to The Work of Revising Code for Pressure Piping, ASA B31.1-1952, was led by a panel which included: C. D. Alstadt, Columbus, Ohio; J. H. Carson, Cleveland; Earl R. Parker, Berkeley, Calif.; F. A. Hough, Los Angeles, chairman; Walter Davidson, Houston; M. C. Madsen, Omaha



Sitting at the speakers' table to lead the discussion at the Thursday luncheon conference on Gas Processing were: Thomas Lee Robey, A. G. A. Headquarters; Dr. D. T. MacRoberts, Shreveport; T. S. Bacon, Dallas, who presided at the meeting; Robert M. Reed, Louisville; John M. Campbell, Oklahoma City



Leaders of the luncheon session devoted to Pipeline Construction and Maintenance were: D. E. Herringshaw, Jackson, Mich.; C. D. Alstadt, Columbus, Ohio; Robert Thomas, Fort Worth; J. W. Hall, Houston, who acted as chairman; W. B. Haas, Omaha; H. L. Stowers, Houston; C. H. M. Burnham, Kansas City

pools in 11 states in 1944. At the end of last year approximately 1,290 billion cubic feet of natural gas were stored underground, compared with 916 billion cubic feet at the end of 1951, a gain of 41 percent. An additional 22 percent of storage capacity will be available upon completion of 17 underground storage pools now under way, the A. G. A. report showed.

Recent developments in the gas turbine for centrifugal compressor drive were demonstrated in an illustrated talk by F. O. Hennig, Clarke Bros. Co., Olean, New York. He paid tribute to R. M. Greene of the same company, who aided in the preparation and the presentation of the paper.

The general sessions of the conference were closed on Friday by a public

relations talk entitled "A Pipeliner Meets the Public" by F. M. Banks, president, Southern California Gas Co., and vice-president, A. G. A. Stressing the truth that to the public a single representative usually exemplifies the whole company, Mr. Banks recounted some of the ways where ill-will against a gas utility or a pipeline company can be incurred through some minor transgression or omission. Only with the support of the public can the gas industry progress, Mr. Banks declared. [See A. G. A. MONTHLY, May 1953, page 27.]

At the luncheon conferences, Warren T. Bulla, Natural Gas Pipeline Co. of America, headed a discussion group on dispatching and communications, with the assistance of T. B. Kelley, Texas Eastern Transmission Corporation. New communication equipment and facilities, including microwave systems, were fully discussed.

John E. Overbeck, Columbia Gas System Service Corp., New York, was chairman of the gas measurement conference, aided by Howard S. Bean, National Bureau of Standards; S. R. Beidler, Ohio State University; F. M. Partridge, Southern California Gas Co.; and E. E. Stovall, Lone Star Gas Company.

At the pipeline construction and maintenance conference, headed by J. W. Hall, Transcontinental Gas Pipeline Corp., discussion topics included maintenance of right of way, safety, organizational setups for operations department of transmission companies, air patrol and internal cleaning of pipelines.

John V. Goodman, Equitable Gas Co., Pittsburgh, served as chairman for the underground storage conference. Group topics included determination of an underground storage pool, approving gas storage inventory, and methods of finding abandoned wells for storage use.

The program committee for the conference, acting as a time and place committee for the next conference, recommended that it be held in New Orleans, March 3-5, 1954.

A vote of thanks was given to the program committee for the excellence of the first Transmission and Storage Conference. This committee comprised: Walter H. Davidson; Julian L. Foster; John V. Goodman; F. A. Hough; and Joe T. Innis. Assisting the committee were Channing W. Wilson, and Fred J. Pfluke, chairman and vice-chairman, respectively, of the Operating Section of A.G.A. which sponsored the conference.

C. W. Person retires as ad director



Charles W. Person, retiring advertising director of A. G. A., receives from C. Fred Westin, Public Service Electric and Gas Co., Newark, N. J., a citation in recognition of his outstanding contribution to the field of public utility advertising. Henry A. Eddins, Laclede Gas Co., sitting, admires the modern desk clock Mr. Person's PUAA friends gave him as a memento of their good wishes.

Mr. Gas Advertising retired on June 1. At least that was the way it seemed to hundreds of co-workers and associates of Charles W. Person, who closed a distinguished career on that date. For as first secretary of the American Gas Association's Publicity and Advertising Section in November, 1919, six months after formation of A. G. A., he had given national coherence, and teamwork to the industry's communication system. Further, he was instrumental in the formation and growth of the Public Utilities Advertising Association. And again, he was in a key position when the industry joined forces 17 years ago to launch the first national cooperative advertising program promoting domestic gas uses.

With Mr. Person providing the staff work and continuity behind the scores of committees who directed this national program over the years, it gained stature throughout the advertising and business world. Other industries who came to know of this unique and effective program, also knew him as the man who coordinated the activities of agencies, committees and companies within the industry. At the same time, he cemented many lasting friendships by his warm personality, loyalty, and devotion to high principles.

But what is more important, the national advertising program he held together so well coincided and, many believe, accelerated the "golden age" of gas. It reversed a downward trend and sparked an advance to the all-time peaks of sales and service we know today.

It was also Charlie Person who fought

continuously and effectively to raise the standards of advertising. A forthright tribute to this endeavor, as well as to his other contributions to the advertising profession, was the citation he received at the annual convention of the Public Utilities Advertising Association in St. Louis, May 8. It reads:

"This citation is presented to Charles W. Person

"Because of his outstanding contributions to the field of public utility advertising;

"Because of his participation in the founding of the Public Utilities Advertising Association;

"Because of his support of their Association for more than 30 years;

"Because of his devotion to the development of high standards of advertising for the American Gas Association;

"And particularly for his vigorous endeavors to promote fair play and ethical practices in advertising."

At the same meeting, Mr. Person received a modern desk clock as a memento from his friends in PUAA. Unique in design, in place of the 12 numerals this clock spells out in gold letters the longtime slogan of the advertising campaign, "Gas Has Got It." The presentation was made by C. Fred Westin, Public Service Electric and Gas Co., Newark, N. J., member of the Domestic Copy Committee, and first vice-president of PUAA.

Mr. Person was born in Nebraska, and spent 19 years in Denver. After one year at the University of Colorado, he en-

tered Columbia University, New York, and was graduated in 1912 with a Bachelor of Science degree. In his senior year he founded and was the first president of the Pulitzer Press Club, the undergraduate newspaper club, named after the owner of the *New York World* who gave Columbia its School of Journalism building.

Following graduation, he became a reporter for the *New York Sun* and served abroad in the first World War. Returning to this country, he joined the public relations firm of Ivy L. Lee and was assigned to the American Legion account. On November 24, 1919, he became the first secretary of A. G. A.'s newly organized Publicity and Advertising Section.

Except for a four-year interval during which he spent one year with the Koppers Co., Pittsburgh, and the remainder producing employee educational courses for the National Electric Light Association, the Consolidated Edison Co. of N. Y., and the A. G. A., he has been a member of the Headquarters Staff of the A. G. A., actively engaged in advertising and publicity work.

As director of advertising he has been secretary of the National Advertising Committee and the Domestic and Industrial & Commercial Gas Copy Committees for seventeen years. He helped organize the Public Utilities Advertising Association in 1922, and was a member of its first directorate.

During his long career with the A. G. A., he has served under the administrations of 27 presidents and three managing directors.

A.G.A. Laboratories at new peak

The highest level of appliance testing in the history of the A. G. A. Laboratories was experienced during April. This is in line with the trend which has been taking place during the first four months of 1953. If the present volume is sustained, the number of appliance models tested and approved by the Laboratories at the year's end will exceed the previous high established in 1950.

Among the factors contributing to this onrush of new models are: keener competition resulting in increased development work; high level of activities in the building trades, together with departures from past practices; availability of gas for house heating in geographical areas where previously restricted; diversity of products and more complete merchandising lines to ward off unfavorable economic conditions; and the easing up of basic materials. It may also be that the philosophy of the gas industry has reached a healthy and high state of aggressiveness as well as decided confidence in the future growth and development of the gas industry as a whole.

Central heating leads

New models of central heating equipment continue in the lead, accounting for over one-half of the appliance testing load. Reverse flow and horizontal type forced air furnaces are being received in increasing numbers. Heating equipment for installation in closets and vented recessed heaters are also active.

Water heaters have shown a decided increase in recent months, reflecting the amount of development work now in progress. Among these have been a number of table top models and the automatic underfired storage types with larger tank capacities. A substantial increase in the number of manufacturers entering the clothes dryer and incinerator field for the first time has also been witnessed.

The amount of test work now on hand and for which test dates have been given indicates that the Laboratories' testing operations may continue on even a higher level for the next several months. Test date reservations are currently being booked several months in advance in some departments. Very careful attention, however, is devoted to scheduling of such requests in keeping with the maximum which can be handled without reduction in the quality of testing service rendered.

A number of important innovations at the Laboratories have contributed materially to the speeding up of testing operations. Expansion of the plant facilities during the last two years has been a major step in improving general operations. This expansion has permitted a number of appliance assembly rooms to be installed for assembly and correction of equipment by the manufacturer. It has also permitted improvements in the shipping and receiving of appliances and the addition of a number of new testing stations in areas formerly used for other activities. However, space at the Laboratories is still at a premium and maximum use of existing space is being made.

Noticeable success is being made in securing replacements for the trained appliance testing engineers who have graduated to the appliance manufacturing industry. This is being achieved in spite of the tight employment situation currently existing throughout the country, and particularly in Cleveland. A substantially greater number of engineers are processing equipment in the Laboratories than heretofore.

To offset the effects of the vacation season, a number of technical students have been employed on a temporary basis for the summer months. These college students have received their preliminary training on Saturdays prior to school vacation by members selected

from the testing staff. Thus, their efforts will be felt in the shortest possible time. By their use, together with the success being achieved in securing full time engineers, it is believed that the demands for testing service during the summer months will be met with a minimum of delay.

Equipment saves time

A Lira type infra-red analyzer and recorder, placed in use early in 1953 at the Cleveland Laboratories, has accomplished a great saving in the time required for analysis of combustion samples. For routine purposes, the analyzer has replaced the iodine pentoxide equipment formerly used. The analyzer permits the carbon monoxide content of combustion samples to be known in about 20 seconds rather than 30 minutes with iodine pentoxide equipment, and allows the testing of appliances to proceed rapidly. Duplicate equipment is to be placed in use at the Los Angeles Laboratory as soon as it is available from the manufacturer.

In response to numerous requests from appliance manufacturers, an arrangement was recently established whereby the manufacturers' descriptive drawings could become a part of the Laboratories' permanent record of the model approved. The procedure has already been given the fullest cooperation by many appliance manufacturers. Under the procedure, prompt return can be made of the appliance tested, and certification completed in the minimum of time, thus freeing facilities for others awaiting appliance approval.

Redesigning of equipment, however, to meet the approval requirements after the unit has been submitted for approval tests represents a major delay in securing approval. Numerous corrections are generally needed, resulting in extensive retesting. This represents an important

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The effectiveness of cathodic protection of domestic hot water heaters is evaluated in a series of tests

Extending hot water tank life

By R. L. HORST

*Aluminum Company of America
Pittsburgh, Pennsylvania*

During the past five years, the use of sacrificial magnesium anodes in domestic hot water tanks has been generally adopted by water tank manufacturers. Service installations have demonstrated that, in most sections of the country, tank life is significantly extended by the application of cathodic protection.

It has been learned that the effectiveness of protection is dependent upon the composition and temperature of the water in the tank, but that in all waters except those with a very low conductivity, the use of a galvanic anode can be justified on an economy basis. Complaints of "rusty water" from tanks have been essentially eliminated and the number of tanks requiring replacement because of corrosion during the guarantee period has been substantially reduced.

There are certain phenomena associated with the operation of a galvanic anode in a tank which, though not of prime importance from a technical standpoint, do merit attention because of their possible effect on customer relations. The purpose of this paper is to discuss some of these phenomena.

1. In any electrochemical action, of which cathodic protection is one, there are reactions that must occur at the electrodes. At a sacrificial anode (i.e. magnesium), metal atoms are released into solution as metal ions. At an inert anode (i.e. platinum), gases such as oxygen are produced. At a cathode, some hydrogen gas is formed and the electrolyte

tends to become more alkaline. In a tank, this alkalinity contributes to the formation of a protective scale on the tank wall since calcium and magnesium salts are less soluble in alkaline solutions. The formation of hydrogen contributes to the problem known to tank manufacturers as "gassing." This formation will occur to different degrees in practically any tank containing an anode, the amount of hydrogen formed being proportional to the amount of current flowing from the anode.

In waters which have a high conductivity, the anode puts out more current to protect the tank and more hydrogen is formed than in waters of lower conductivity where the anode's activity is less. In waters of very high conductivity, the amount of gassing which occurs may

lead to some sputtering at the faucets when first opened. This is a nuisance, but with normal tank usage, should not be objectionable. In most cases, the alternative is rusty water. In some cases, the current from the anode can be reduced and still not allow the formation of rusty water. This reduction in current can be achieved either by introducing a resistance in the protection circuit or by installing an anode with a somewhat lower potential.

There is another possible cause of sputtering faucets which should be mentioned. In those cases where a service line is tied into the top of a water main, it is not unlikely that some entrained or trapped air could be introduced into the tank. In a recent survey of some cases of gassing in a metropolitan area, it was

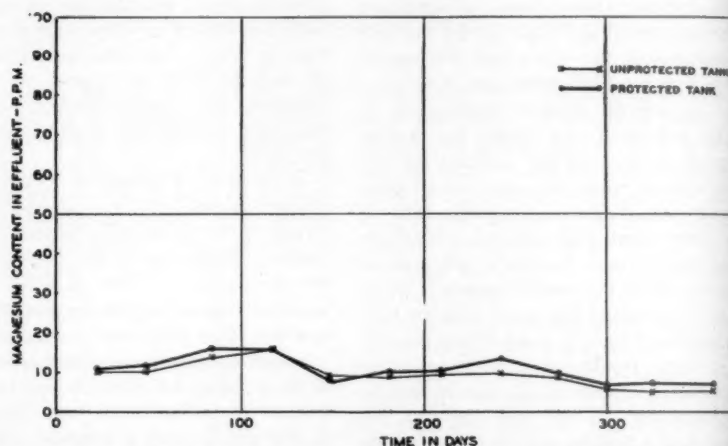


Fig. 1. The effect of a magnesium anode on the magnesium content of the effluent water from domestic hot water tanks is charted. Samples were taken at 11:00 a.m., when water had reached operating temperature (180 F) and only heater pilots were burning. Heaters were of the outside flue type, anodes were located on center line and local tap water (see analysis) was used.

found that complaints were received from locations where the service lines were connected to the top of the main. No complaints were received from locations where the service lines were connected into the side of the main. In all cases, the tanks inspected contained magnesium anodes.

2. In isolated localities, the use of an anode has been alleged to have caused an objectionable odor in the hot water. The odor was reported to be that of hydrogen sulfide (H_2S). This effect apparently occurs only in water having a high sulfur content and, to date, the only remedy has been to remove the anode. In the past four years, less than half a dozen cases where such a condition exists have

tank. However, it is recognized that some waters will leave deposits in tanks regardless of whether or not an anode is present. It also has been suggested that the presence of some gas, such as air or hydrogen, in the top of the tank could contribute to tank noises.

4. Another question which has been raised is whether or not a magnesium anode increases the magnesium content of the water in the tank. In a 12-month test at the Aluminum Research Laboratories, New Kensington, Pa., weekly analyses were made of the influent and effluent water from protected and unprotected galvanized tanks. As shown in Fig. 1, no significant increase in the magnesium content was found

Although the anode reaction is to put magnesium ions into solution, these ions combine with molecules of water to form magnesium hydroxide, a relatively insoluble compound which remains on the anode as a white coating.

Another, and more important, point which these weekly analyses showed was that the effluent water from an unprotected tank contained an average of 10 times as much iron as the effluent water from a protected tank—direct evidence of the beneficial effect of the anode. Fig. 2 shows the iron and zinc contents in the effluent waters from an unprotected and a protected tank, both operating on New Kensington tap water at a temperature of 180F.

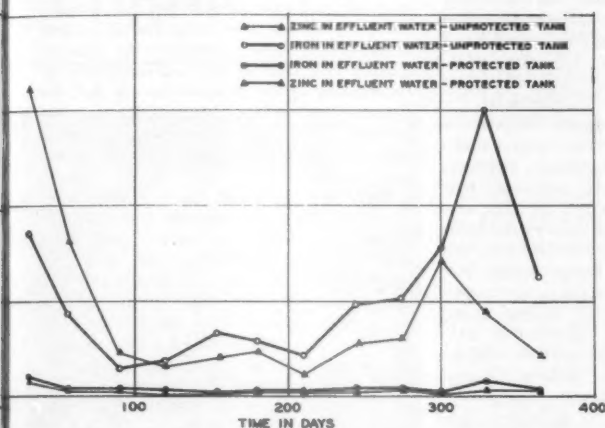


Fig. 2. The effectiveness of cathodic protection of domestic hot water tanks indicated in weekly analyses which showed an average of ten times as much iron in an unprotected-tank effluent as in that from a protected one. Zinc content of the former effluent was also notably higher than in the latter

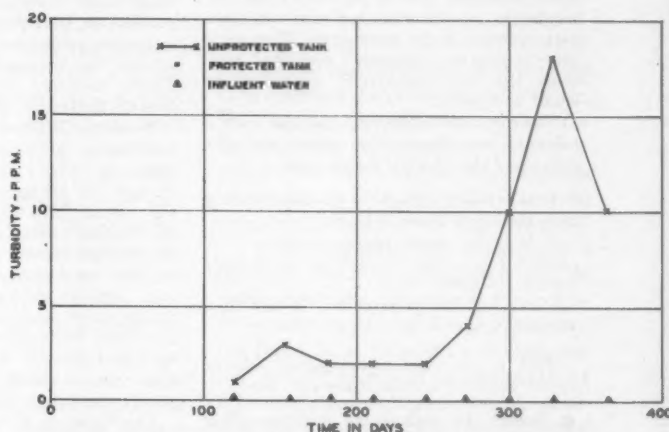


Fig. 3. No turbidity was found in effluent water of cathodically protected domestic hot water tanks. Unprotected tanks showed red water toward end of first year. A magnesium anode prevents red water in a tank, but will not correct it if produced elsewhere in the system

been brought to attention.

3. Reports have been received of "rumbling" noises in tanks. Somewhat arbitrarily, this has been associated with the presence of an anode, although it has been reported that rumbling has occurred in tanks without anodes. "Rumbling" can be caused by the presence of deposits of calcium and magnesium salts on the bottom of the tank which tend to insulate the water beneath them from the water in the main portion of the tank. When heat is applied, the water beneath the deposit becomes overheated and the steam that forms escapes through the deposit, causing a gurgling or rumbling sound. If this is true, magnesium anodes could contribute to the problem since some anode corrosion product will drop from the anode to the bottom of the

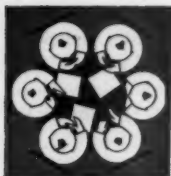
Average analysis of New Kensington, Pa. tap water is:

chloride	19.0
sulfate	103.0
dissolved oxygen	8.0
silica	3.6
calcium	34.0
magnesium	10.0
iron	0.24
zinc	0.28
sodium	15.0
potassium	2.0
pH	7.7
total hardness	107.0
(by standard soap method)	
(as ppm $CaCO_3$)	
total solids	230.0
(ash at 105°C)	
spec. resistivity	3090
(ohm-cm at 25°C)	

The color of the water from these test tanks also was compared and while no turbidity could be detected in the effluent water from protected tanks, the unprotected tanks began to show definite signs of "red water" production toward the end of the first year. This is illustrated by Fig. 3 and shows that a magnesium anode will prevent red water formation in a new tank. Many cases also have been reported in service where an anode installed in a tank producing red water has cleared the water. However, if red water is produced in some part of the system other than the tank, the anode cannot be expected to correct it.

In cathodically protecting a tank or any other structure, a galvanic anode is sacrificially consumed to the benefit of

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Industrial relations round-table

Prepared by
A. G. A. Personnel Committee

Edited by W. T. Simmons

● **New kind of employee magazine**—Ever think of publishing your employee magazine in paid advertising space in your local newspaper? It's working fine for the Geo. D. Roper Corp., Rockford, Illinois. Every month this company puts out the "Roper Round-Up" on a full page of the local paper. It has the same "feel" and content as material you see in many employee magazines, including lots of pictures. It gets to employees equally well, but also reaches a vast audience in the community. They get a glimpse into the company's employee relations that no commercial advertisement could ever give.

Newcomb & Sammons, Chicago public relations consultants who researched and developed the idea for Roper state:

1. It's much cheaper and more timely than the usual house organ.
2. It gets a much bigger audience—important if you want to develop better community relations, too.
3. It's best for communities of less than 100,000.

Will it put employee-magazine editors out of work? The consultants say "No."

● **Ending the engineering shortage**—This year government and industry alone need about thirty-five thousand more engineers than are available.

To help interested companies redouble their efforts, the Advertising Council has prepared a handbook for the Engineering Manpower Commission of Engineers' Joint Council, New York. It lists 36 ways companies can plan for tomorrow's engineering needs today. It tells how you can learn more about each. It provides material you can use in advertising campaigns to attract high school students to engineering.

A free copy of the booklet is available by writing Advertising Council, Inc., 25 W. 45th Street, New York 36.

● **Library additions**—*Six Ways to Retire*—When you retire, says the author, make sure you have a plan for rewarding activity. The book is packed with practical ideas on six paths to choose from. Also hints on how to pay your way, how to choose a place to live, how to discover hidden talents. By Paul W. Boynton, Harper & Bros., 49 East 33rd Street, New York. 145 pp. Index. \$2.50.

Reaching Out in Management—The "reaching out" policy adopted by the American Brake Shoe Co. (where the author is chairman of the board) encourages employees to cross organizational boundaries for the purpose of helping and criticizing other de-

partments. It is designed to give every employee an opportunity to gain greater satisfaction both in his work and personal life. All employees can participate. This book is by William D. Given, Jr., Harper and Bros., New York, 175 pp. \$2.50.

● **Film program of the month**—"Under the Stars" shows and explains the policies of employee relations in a large manufacturing company. Illustrates items considered for the comfort and well being of the employee at work: suggestion plans, employee advancement, profit sharing, security plans, pension plans, disability plans, stock purchase plans, compensation, vacations, hospitalization, safety and company-sponsored recreation programs. This film would be of interest to management for orientation. Thirty minutes, sound, color. Write to Procter & Gamble, Box 599, Cincinnati.

Working Together suggests methods of maintaining good employer-employee relations. It takes one particular employee through the hiring process, explaining how the company personnel records are kept, also the company's advancement policies and benefits. Stresses keeping the employees informed of what the company is doing through bulletin boards and a company newspaper. Briefly shows social activities enjoyed by the employees and presents a statement of management's pledges to the workers. Thirty-three minutes, sound, color. Write to Thompson Products, Inc., Cleveland.

The Future is What You Make It, a fantasy set in the year 2000, consists of a series of still cartoons on retirement and group life insurance. Explains the benefits derived by employees, stresses the company's role. Fifteen minutes, sound, color. Available free from the Ethyl Corp., 100 Park Ave., New York 17.

Employees' Thrift Plan is an eight-minute sound film in black and white consisting of drawings and cartoons illustrating the highlights of retirement and investment plans available in the company. Explains annuity and savings plans. An easy-to-understand film that management could use in considering such a plan for its own company. Write to Standard Oil Co. of New Jersey, 30 Rockefeller Plaza, New York.

● **Veterans—Seniority provision**—Appeal from judgment for veteran. According to the terms of a collective bargaining agreement, all veterans in a company's employ on or after July 30, 1946 were credited for time spent in military service subsequent to June 21, 1941. This meant that some ex-servicemen, with a shorter period of actual employment by the company but with a longer period of military service before they were hired by the company, attained greater seniority than other employees (many of them veterans) who were in the company's actual employ longer. A veteran in this latter classi-

fication contended that the union had exceeded its authority in making such a discriminatory agreement and sued to have it declared invalid. The district court dismissed his plea but the decision was reversed by the circuit court. The company and union appealed this decision.

The Supreme Court held that the union had the obligation to represent all employees "without hostility to any" and that, as long as it maintained a policy of doing the most good for the greatest number, it could not be deemed discriminatory because of the inevitable inequities that arose. Moreover, the Court added, these provisions of the agreement are in perfect accord with the spirit of the reemployment laws, to guarantee fairness to those who have maintained the national security in a time of war and emergency. In commenting on the Selective Service Act, the Court said there is nothing in that Act that prohibits allowing credit for pre-employment military service if the employer and employees agree to do it.

With this in mind, the opinion states, "There is little that justifies giving such a substantial benefit to a veteran with brief prior civilian employment that does not equally justify giving it to a veteran who was inducted into military service before having a chance to enter any civilian employment, or to a veteran who never worked for the particular employer who hired him after his return from military service. The respective values of all such veterans, as employees, are substantially the same. From the point of view of public policy and industrial stability, there is much to be said especially in time of war or emergency, for allowing credit for all military service. Any other course adopts the doubtful policy of favoring those who stay out of military service over those who enter it."

The provision at issue was put into UAW agreements in 1946. It was continued with most companies until 1949. Although it is not in current contracts, the seniority credits created when the clause was in effect continued.

The Court held that the union agreement was valid and upheld the dismissal of the complaint by the district court. *Ford Motor Co. v. George Huffman, et al*; *Int'l. Union, UAW, CIO v. George Huffman, et al*, (U. S. S. Ct., 4-6-53) 193-194, 53 ALC 450.

Accrued seniority—A Federal District Court in Illinois says that when a contract makes no provision for promotion on the basis of seniority alone, the seniority protection of the Selective Service Act cannot be used to help a returned veteran claim a better job than he held before going into service.

Handing down the decision against John Siniawski, an employee of Atchison, Topeka and Santa Fe Railway, Judge LaBuy relies heavily on the Supreme Court's doctrine in *Fishgold v. Sullivan Drydock*. In that litigation the High Court held that the Draft Act

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Selecting, training engineers



By Dr. MORRIS S. VITELES

*Director of Personnel Research and Training
Philadelphia Electric Company*

Industrial and governmental requirements for engineering graduates during the current decade will be in the neighborhood of 30,000 per year, according to recent estimates.¹ An analysis of data on engineering school enrollments and of civilian and military needs indicates that the number of graduates available for jobs will be approximately 17,000 in 1953; 11,000 in 1954; 10,000 in 1955, and 16,500 in 1956. This analysis, and data from other sources^{2, 3} suggest further that the current shortage of engineers will extend for at least five to 10 years.

The extent of the current shortage in engineers is indicated in the fact, reported in a survey of 176 companies,⁴ that these business and industrial concerns filled only 64 percent of their requirements for engineering in 1952. It is anticipated that in 1953 requirements will be increased by 25 percent, at a time when an appreciable percentage of graduates will be called to active military duty.

This situation is not one in which improved selection techniques can be used to best advantage. To say this is merely to point out the well recognized fact that the efficiency of even the best validated selection method is very definitely a function of the size of the labor pool. The practical efficiency of tests and of other predictors falls off rapidly as the size of the labor pool diminishes, because of the necessity of hiring increasing proportions of available applicants in order to fill established quotas.⁵

Let us assume, for example, that in a company which is not using tests, eight out of every 10 engineers hired have proved to be satisfactory employees. Using a test with a validity coefficient of .50 (as high as that of the better tests available for engineer selection) it would be necessary to reject 40 percent of the applicants on the basis of test scores alone in order to improve selection to the point where nine out of every 10 engineers hired (instead of only eight) will prove to be satisfactory to the company.

Assuming that the experience of the company using only traditional methods has been that only six out of every 10 of the engineers hired have proved satisfactory, with the same kind of test it would be necessary to reject 90 percent of the applicants on the basis of test scores in order to reach the point where nine out

of every 10 men hired will prove to be satisfactory. I suspect that there is hardly a company requiring engineers which could accept such an attrition of the "labor pool" of graduate engineers.

In presenting such figures certain assumptions are made concerning the quality of the applicants in the two situations, the degree of similarity between recruiting and selection methods, and the standards used in assessing the performance of the engineer. Disregarding, for present purposes, the statistical technicalities, a number of generalizations can nevertheless be formulated with considerable assurance. The first is that the addition of tests to traditional techniques finds its most useful application (a) where the objective is to hire only the very top quality of engineering talent, or (b) where experience has shown that traditional methods have not resulted in the selection of engineers capable of meeting even moderate standards of performance. The second generalization is that the company must in most instances be prepared to sacrifice a substantial proportion of its already inadequate labor pool in order to accomplish such objectives.

I question whether the objective of a company should be consistently that of hiring only the "cream of the crop." There also appears no reason for assuming that a large proportion of engineering school graduates is incapable of achieving reasonable performance standards. As a result, I am inclined to question whether, under current conditions, the addition of tests to traditional hiring techniques represents the most productive approach to the selection of engineers.

To say this, is not to raise questions concerning the use of tests in selecting personnel for lower level jobs. Furthermore, I am not discussing this situation in terms of companies where the stated aim in the use of tests is to select and employ only "cadets," as contrasted with "line engineers," i.e., to employ only young engineers who are viewed as raw materials for progress into managerial and executive jobs.

In earlier years, such a distinction was actually made in the selection of engineers by the Philadelphia Electric Company. In conformity with this policy, a passing score on a test battery was a requirement for acceptance as a cadet engineer. The tests, which were a "clinically" selected battery, included measures of over-all learning ability; of mechan-

Abridged version of an address before A. G. A. Transmission and Storage Conference, April 30-May 1, 1953, Chicago.

cal comprehension; arithmetical reasoning; problem-solving, and of practical judgment. Experiments, conducted by other agencies,^{7,8,9,10,11} have shown that these (along with tests of physics training and aptitude; spatial perception, and interest tests) are, in general, the types which prove to be the best predictors of success on an engineering job. In addition to preliminary screening of candidates by the employment division, those who had passed the tests were interviewed by representatives of the major departments of the company, and only those hired who were favorably rated by every departmental representative. Under such conditions, it was found possible to maintain a low separation rate among newly hired *cadet* engineers and to provide a core of highly capable young men for future development.

The procedure described above has merit when the orientation is toward obtaining a group of men who are more or less tagged as promising candidates for filling top posts in the organization. It has considerably less merit in selection when the ultimate replacement of managerial and executive personnel is a secondary consideration as compared with that of filling job vacancies, especially when there is a scarcity of engineering school graduates. This situation helps explain why, as a matter of fact, policy in the selection of engineers by the Philadelphia Electric Co. is in a state of flux, and why test results are not currently given as much weight as in the past.

Stress training and use

Viewed from a broad perspective, the immediate need in meeting requirements for engineering skill is not for the improvement of selection methods, as much as for focussing attention (1) upon the re-structuring of the training program to conform to the current situation, and (2) upon the more effective use of technically trained personnel through the re-engineering of engineering jobs.

In my opinion, it is necessary to make firm provisions for the systematic training of all newly hired engineers. We have passed the point where training can properly be given only to a group of highly selected and favored engineering school graduates. This view does not imply absence of a need for building-up a pool of specially qualified individuals and for preparing them for middle and top management jobs. However, this is not the proper function of the training

program for newly hired engineers which may be conceived as having three objectives:

(1) to provide such men with an opportunity to do useful work under direction and with guidance designed to prepare them for effective careers as professional engineers in the company;

(2) to acquaint newly hired engineers with the nature of the company, its organization, the functions and interrelations of its various departments, its policies and practices;

(3) to give the company an opportunity to observe new engineers at work—to check on work habits and other traits.

The first of these objectives—that of *giving the young engineer an opportunity to do useful work under direction and with guidance*,—represents the most important objective of the initial training program. There is here a contrast with the traditional approach in training which has been to place emphasis upon giving the young engineer an opportunity to try out various jobs; to look around and examine the opportunities in the company; to get to know the various people with whom he will have to work and to identify those who can "help him move onward and upward in the organization."¹² To reject this traditional view—to place primary emphasis upon useful work—is desirable for four reasons:

1. the shortage of engineers has created a need for people who can immediately apply the knowledge and skills which they already possess.

2. engineering school graduates want to be put on assignments where they can do useful work. Thus, one conclusion from the survey conducted by the Edison Electric Institute is that "the graduate wants an initial opportunity to work where he can utilize his specialized training within a reasonable time."¹³

3. no young engineer should be considered as "marked for responsible positions"⁹ unless he has demonstrated that he possesses work habits and attitudes of the kind which can only be observed as the engineer participates in the productive work of the organization.

4. it can be anticipated that a proportion—possibly a major proportion—of the young engineers will find their level in some productive line job.

While the core of the training program is useful work under direction and guidance, there is also need for provid-

ing the young engineer with information about the company—its organization, the functions and inter-relations of its various departments; its policies and practices, etc. This can be accomplished through an orientation program consisting of conferences and systematic visits to company installations. Such orientation not only provides the young engineer with information about the company, but also with an opportunity to meet company executives, managerial and supervisory personnel who would, naturally, participate in the conferences and field visits included in the orientation program.

Begin with orientation

The orientation program combined with productive work under direction and guidance represent step one in a four point developmental program. In order to meet the needs of the company for a pool of highly qualified individuals, and also to provide every engineer with a maximum opportunity for development within the limits of his ability and interests, I would suggest that provision be made for three additional steps, as follows:

Step two in this program is intended to provide young engineers with opportunities to gain greater insight into technical and practical problems involved in design and operation than can be acquired in the initial program or through work experience alone. This can be done by setting up a systematic program of advanced engineering training. The latter might take the form of well-planned scheduled monthly sessions in which technical personnel discuss engineering and operating problems in development and allied phases of company operations. This program might best be operated on an after work-hour, voluntary basis. This not only represents the most practical arrangement, but also provides an indirect check on the interest of engineers in improving their usefulness to the company.

Step three would include provisions for the systematic interchange of engineering personnel of the company. Here I have in mind simply an interchange of men on existing work assignments. It means that periodically and on a planned basis the engineering department could "swap" engineering personnel with the operations department. Other departments would participate to the extent

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Regulation is neither sound nor effective if it mortgages or permits mortgaging the future to pay today's bills

Accounting in utility regulation

By SPENCER B. EDDY

*Public Service Commissioner
State of New York*

Accounting is the most effective weapon in utility regulation—perhaps something like the atom bomb which should be controlled by the wise and the just, in other words, by our side.

The greatest sins which have occurred throughout the years in utility accounting have been occasioned by the doctrine of expediency. When a regulatory commission yields to that doctrine, it is mortgaging the future for the benefit of the present. It is charging the proper expenses of 1953 to some future year not determined. It is a wrong and cowardly thing to do. If you yield to the same temptation known to the trade as "dressing up the balance sheet," it is equally wrong.

If you will think for a moment of the problems that face us, you will recall that most of them were the result of the doctrine of expediency, and that they seemed like good ideas at the time. Let us recall a few.

For fifty years the doctrine of reproduction cost has haunted us—sometimes supported by the utilities and sometimes by many regulatory commissions—the view changing with the changing of price levels. How did the doctrine come into being? Was it the result of anyone's profound conviction or did its popularity wane and rise because of an inherent soundness in the philosophy or lack of it? It came into being for one

reason and one reason only. It was a much easier way to try a freight rate case than to determine the legitimate investment or apply any other standard. All you needed was a glib witness and you could forget the company's books.

What about the greatest problem which today faces the utility industry:



Spencer B. Eddy draws upon a background as a member of judiciary and of New York Public Service Commission to sound a warning against utility accounting by expediency

the constant growth of public power not only in the field of generation but in the field of distribution? What produced the rural electrification program? It was the demand of people for service in areas believed to be marginal, and many utilities and many regulatory commissions preferred government intervention as a solution rather than face the problem of further investment or because of fear that the extension of facilities beyond the centers of population would eventually lead to increased rates. You know that some companies encouraged the cooper-

atives to the extent of giving engineering assistance and, in obedience to the doctrine of expediency having gotten rid at the time of what was believed to be skimmed milk, they now object to the advocates of public power going into the cream business as well.

Not to labor the point may I refer you to the authority of Holy Writ as stated by Moses in the book of Numbers: "The iniquities of the fathers shall be visited unto the children even to the third and fourth generation." I leave the theology to others; but that statement is as sound economics and as sound a principle of accounting today as it was four thousand years ago. The dangers of the doctrine of expediency may not be manifest at the moment but they carry over and haunt the future. In the light of this approach our decisions upon the problem of utility accounting must be made not because they appear to be of temporary advantage either to the utility involved or the public that it serves. Let us consider some of the problems which confront us.

The first is pension accounting. We have seen within our lifetime a complete change in the concept of pensions. It was not too long ago that the prevailing regulatory view was that the cost of pensions based on service prior to the institution of the pension plan was properly charged to surplus. Today pensions are properly regarded as part of compensation and, therefore, a present operating cost. The problem does not end here. We have, as you all know, many plans which are called non-contractual plans; that is, plans in which the company reserves the right of termination at any time. Hence, it is argued that there is no legal liability; and there being no

Abstract of a paper delivered at the A. G. A.-EEI sponsored National Conference of Electric and Gas Utility Accountants, Hotel Sherman, Chicago, April 20, 1953.

liability, proper accounting cannot and should not show as a liability on the balance sheet the amount of future obligation which in all probability must be met.

That position is legalistically correct; but you know and I know that whether we style a pension plan contractual or non-contractual, no company having established such a plan, can fail to continue it without facing the prospect of interruption of service due to strikes.

I am familiar with one company which has such an agreement. It is now in bankruptcy. The amount of its liability for future pensions, I am told, exceeds all of its assets most of which are pledged. While the Uniform System of Accounts does not provide for good will on the asset side, assuming no satisfactory arrangement can be made with the employees, there ought to be a very large item for ill will on the liability side. Unless, and until we recognize the fact that the utilities of this country are largely committed to some form of pension plan, and unless we provide for that liability by current and proper charges to operating expenses, we are mortgaging the future and we are sowing the seeds of future financial instability. There is no pat or easy solution. I but state the problem and point out the principle that we must provide for paying today's pension bills today.

The complete disclosure of the plan by a footnote to the balance sheet is a forward step.

A second problem is the treatment of the accelerated amortization for tax purposes where the amount involved is material. The prevailing and the sounder view appears to be that, for the purpose of establishing rates, depreciation should be spread over the useful life of the property and not over the period fixed for tax purposes. The doctrine of expediency tempts us to take immediately the tax credit to improve the balance sheet or to avoid a rate increase. Such treatment, however, distorts not only the present but the future income. It logically follows that if depreciation for rate purposes is to be figured over the useful life of the property that the tax saving must likewise be spread over the same period. Again most regulatory bodies are in accord. There is, however, no such agreement as to the accounting treatment. Some authorities insist that the tax saving should go to surplus but that that surplus should be restricted. Another view—and I urge the correct view—is

that the tax saving should appear as a reserve.

All of you will agree that a balance sheet should be as simple as possible, should be understandable and should not be capable of misconstruction.

A restricted surplus may be a device which is necessary under some conditions but you will find many security analysts who treat it as if surplus were entirely free. A larger than normal increase in surplus in any year calls for an explanation to those who wish to know the truth. To those whose approach is more casual, it tends to indicate earnings above the average. A decreasing surplus is far from an encouraging sign. A reserve is obvious and a reduction in a reserve does not imply a reduction in surplus.

This reasoning applies just as much, perhaps more, if the proposal to change the term "earned surplus" to "retained earnings" is adopted as part of the Uniform System of Accounts. There is one inevitable logical result of making this change: The surplus reconciliation which is such an important part of any statement must disappear. If the account is "retained earnings," then the adjustments logically must appear as part of the income statement.

Among the proposed changes in the Uniform System of Accounts is the moving of the depreciation reserve from the liability side, where it belongs, to the asset side and to deduct it from the property account. Outside of the fact that historically the sources of the funds which have produced the plant in service have always been shown together on the liability side, the proposal violates one of the primary tenets of utility accounting. Much energy and money have been devoted to cleaning up utility balance sheets and stating accounts correctly.

The property account is one that can and should be determined with exactness. A reserve by its very nature is an estimate. This is particularly true of a depreciation reserve. We know, despite all of the care and the study which has been given to the subject, that a depreciation reserve is never a matter of demonstrable mathematical exactness. Of what meaning would be a net plant figure in a company which uses the retirement reserve method? And how could such a figure be comparable in comparing the balance sheet of that company with one which uses straight line depreciation accounting?

In our state substantially all of the
(Continued on page 50)

Gas industry steel use declines

The gas utility industry utilized 1,723,000 tons of steel, principally linepipe, in its 1952 construction program, as efforts continued unabated to make available adequate supplies of gas to the American public. This represents a substantial reduction from the 2,396,000 tons required during the preceding year. Declines were most significant in sizes of 16 inches or larger; only 1,182,000 tons of these larger diameter pipe were used during 1952 compared with 1,728,000 tons one year earlier.

These declines reflect four principal factors: (a) the majority of large size pipeline projects, which had been most urgently needed, were already completed; (b) the industry was concentrating, to a greater extent, on ways in which to utilize more fully existing pipeline facilities by such means as installing additional compressor horsepower and further development of underground storage reservoirs; (c) the steel strike occurring early in 1952 caused some postponements of scheduled pipeline construction activity; and (d) some companies did not actively pursue previously determined expansion programs, because of known steel shortages.

Total steel pipe used for field, gathering and transmission lines aggregated 1,379,000 tons, equivalent to 80 percent of total industry usage. Virtually all important transmission construction is subject to the jurisdiction of the Federal Power Commission; only 4,147 miles were approved in 1952 compared to 5,791 in the preceding year. Supporting a portion of the explanation in the preceding paragraph, FPC—authorized installations of compressor horsepower increased from 426,400 in 1951 to 588,100 in 1952.

Distribution system expansion re-

quired the use of 344,000 tons of steel during 1952. The industry added an estimated 1,100,000 customers to its lines during 1952, by extending existing distribution networks, and constructing systems in towns not previously served with utility gas. This marks the sixth consecutive year during which at least 750,000 new customers were added in the industry's dynamic post-war growth period.

The industry's 1952 expansion program apparently did not meet original expectations, dollarwise; although originally anticipated construction expenditures in 1952 indicated a program of the magnitude of \$1,173 million, presently available preliminary estimates would put this figure at more nearly \$1,000 million, representing a 14 percent decline over anticipated capital outlays.

Data were also developed relating to the use of cast iron, copper, aluminum, and scrap steel recovered. Although gas industry requirements do not affect total supplies of these materials in the same degree as for steel pipe, there is, nevertheless, sufficient interest to warrant their tabulation.

The collection and summarization by the American Gas Association of these statistics on steel and other material usage represents a continuation of a project previously undertaken by the Petroleum Administration for Defense and was done at the request of industry committees. It is expected that the availability of continuous information on requirements will be of immeasurable assistance in the event of future re-impositions of allocation controls, and will prevent the gas industry from again being at a disadvantage compared to other important segments of our economy which regularly develop comparable data. The statistics also provide valuable guidance to organizations which supply the gas industry's material needs, in permitting them to estimate more accurately future requirements.

Questionnaires were circulated by A. G. A. to all operating utilities and pipelines, and responses were received from 83 percent of the industry; expansions to represent industry totals were then developed. The Association acknowledges the helpful cooperation of individual responding companies, many of whom provided the requested statistics even though considerable effort was necessitated to develop them.

USE OF STEEL BY GAS UTILITIES, 1952

(Thousands of tons)

Size	Gathering, Transmission and Underground Storage		Distribution		Total
	Additions and Extensions	Maintenance, Repairs, Replacements, Including Betterments	Additions and Extensions	Maintenance, Repairs, Replacements, Including Betterments	
Steel & Wrought Iron Pipe (Incl. Seamless, Welded, etc.)					
TOTAL	1,296	83	281	63	1,723
Nominal Pipe Sizes—Inches					
¾ and less	a	a	12	3	15
1	a	a	8	1	9
1¼	a	a	13	3	16
1½	a	a	6	2	8
Outside Diameter—Inches					
2½	3	1	43	7	54
3½	3	1	15	4	23
4½	32	5	44	10	91
6	34	7	35	13	89
8	45	7	27	9	88
10	30	9	9	4	52
12	54	13	16	3	86
14	2	1	4	a	7
16	56	11	15	1	83
18	4	3	a	a	7
20	117	18	4	2	141
22	3	a	4	—	7
24	138	1	12	a	151
26	153	5	2	a	160
30	621	1	6	a	628
34	a	—	a	a	a
Other Sizes	1	a	6	1	8
Other Steel	14	1	15	3	33
TOTAL STEEL	1,310	84	296	66	1,756

USE OF OTHER MATERIALS BY GAS UTILITIES, 1952

Material	Gathering, Transmission and Underground Storage		Distribution		Total
	Additions and Extensions	Maintenance, Repairs, Replacements, including Betterments	Additions and Extensions	Maintenance, Repairs, Replacements, including Betterments	
Cast Iron Pipe (Excluding Fittings)—TOTAL (000 T-ns)	a	a	73	15	88
6" and smaller	a	a	41	9	50
Larger than 6"	a	—	32	6	38
Aluminum—TOTAL (Tons)	48	24	13	17	102
a. Tubing	2	22	10	11	45
b. Wire Mill Products	36	—	1	2	39
c. Other	10	2	2	4	18
Copper—TOTAL (Tons)	233	50	246	489	1,018
a. Tubing	37	4	173	426	640
b. Wire Mill Products	193	46	65	45	350
c. Other	3	a	8	17	28

SUMMARY OF STEEL USAGE BY GAS UTILITIES, 1949-1952

(Thousands of tons)

M Tons				
Pipe Sizes	1949	1950	1951	1952
16" and larger	1360	1723	1728	1182
Under 16"	557	782	668	541
Total	1917	2505	2396	1723

Gas industry PAR Plan completes eighth successful year

a PAR activity

The PAR Plan, the gas industry's cooperative program of promotion, advertising and research sponsored by the American Gas Association has completed its eighth successful year of operation, it is reported by Norman B. Bertollette, president, The Hartford Gas Co., chairman of the 1952 A. G. A. PAR Committee.

Utility companies representing 72 percent of the meters in the country contributed \$1,896,427 to the PAR fund,

and pipeline companies 69 percent of revenues from the sale of gas for resale, subscribed \$90,066. Total subscriptions of \$1,986,493 were the largest in the history of the plan, and were about 22 percent higher than in 1951. Cash on hand and income from temporary investments brought the total available for 1952 to \$2,159,562. Total expenditure for the year was \$1,891,516.

Gross expenditures for promotion and advertising were \$1,461,308, with resale receipts of promotion and advertising

material recovering \$260,188 of that amount. Research expenditures for the year were \$662,694.

More utilities participated in the plan through incorporating PAR promotional and advertising efforts into their company programs at the local level. Appliance manufacturers also coordinated their efforts with the themes and objectives of the plan, and made more prompt and complete use of PAR research data in the development of certain types of improved gas appliances.

Lower frequency and severity of gas accidents

DURING 1952, the gas utility industry reduced both the frequency and severity of its accidents. The industry had 14.40 disabling injuries to employees per million man-hours worked, an improvement of 8.4 percent from the frequency record of 1951. This marked the fifth successive yearly decline, reflecting results of an intensive A. G. A.-sponsored safety program.

The severity rate, measuring days lost because of injuries per thousand hours worked,

was 0.81 during 1952, or 22.1 percent better than the previous year. It was the third best record in this category in the past 20 years. There were 18 deaths and one permanent disability in the gas industry during 1952. This was a decrease of 43 percent from the experience of a year earlier, and is the industry's second best record in two decades.

Employee injuries in the gas industry have now been reduced to the prewar level, the A. G. A. study reveals. Immediately after

World War II, safety records generally deteriorated, due to increased plant utilization, longer work weeks, and a larger proportion of new employees. These factors have now been overcome by the industry-wide safety drive.

For the first time, the Association also reported on automotive accidents within the industry. Its survey of 1952 experience showed 1.84 accidents per 100,000 miles traveled by gas utility vehicles.

GAMA adopts industrial standards compliance seal

A SEAL SIGNIFYING compliance with a self-imposed code of ethics has been adopted by members of the Gas Appliance Manufacturers Association. The seal symbolizes the highest standards of safety, performance and durability.

A. V. Leudemann, representing GAMA's industrial gas equipment division at the American Gas Association's recent sales conference in Philadelphia explained that the action was prompted, "by the fact that it has been found impossible to write a set of standards which would cover all of the more than 25,000 different uses of gas equipment

in American industry."

By displaying the seal on their products, members of GAMA's industrial division, who build gas equipment used in automotive, metals, textiles, and other essential production, have agreed to adhere to the following terms of their code of ethics—

1. Product design based on sound engineering principles and proved research, and employment of superior workmanship and materials.

2. Assignment of accurate and dependable input and output ratings to all products.

3. Design and construction with a view to satisfactory product performance over a reasonable expected lifetime.

4. Readiness to cooperate in the preparation and application of official standards, when and if promulgated by the American Standards Association.

5. Application of highest standards of safety and durability to the selection of controls and accessories used in finished products.

6. Furnishing of carefully prepared directions, wherever practicable, to assist installers and users.

European gas men study American gas industry

PIPELINE INSTALLATIONS and American techniques of transporting, distributing and mixing manufactured gases are being studied by private utility company officials and engineers, government representatives, and scientists from seven Western European countries.

At the request of the Organization for European Economic Cooperation, the Mutual Security Agency is sponsoring the study under its productivity and technical assistance program to aid in the defense effort of Western Europe.

All OEEC countries are supporting research studies in an effort to find ways of most efficiently using their limited gas resources and of converting inferior fuel resources into gas. As a result of the develop-

ment of new coking processes, extraction of methane from coal seams, underground gasification and conversion of coal or peat directly to gas, a considerable increase in industrial fuel supplies is expected.

Some increase has already been effected, particularly through the discovery of heretofore unknown reserves of natural gas. To use the new resources most effectively, the gas, in most cases, must be transported from the main producing centers to the consuming industries. This will entail wide-scale use of pipelines with which Europeans have had little experience.

The Europeans participating in the MSA-sponsored study, have come from Belgium, France, Western Germany, Greece, Italy, Turkey and the United Kingdom. Their

observations will include technical aspects of planning, constructing and operating pipelines; techniques of gas treatment and compression; treatment of gas at delivery points; storage of gas; management and staff training activities, and regulations governing gas transport in this country. Studies will be made at companies producing and distributing natural gas and at firms engaged in the construction and operation of pipeline systems. Among the highlights of their program was attendance at the A. G. A. Transmission and Storage Conference in Chicago on April 30 and May 1, and Production and Chemical Conference in New York City from May 25 to 27. The men will visit Chicago, Houston, Shreveport, Washington, D. C. and Brooklyn.

*Speakers, displays, clinics and awards
portray high current level of public utility communications*

PR major PUAA convention topic

A record gathering of about three hundred delegates attended the thirty-second annual convention of the Public Utilities Advertising Association at the Hotel Chase, St. Louis, May 7-8. Departing from past practice, the program concentrated on broad public relations topics rather than specific advertising practices. A total of six speakers presented their viewpoints on direct public relations problems. Rounding out the program was a television clinic, and various advertising reports.

An impressive array of advertising, editorial and promotional material, exhibited in the lobby of the hotel, gave eloquent testimony to the high quality of current public utility communications with employees, customers and stockholders. Of particular interest was the gas industry's unique success in the Better Copy Contest conducted annually by the Association. Top honors for the most awards went to East Ohio Gas Co., Cleveland, of which Harold E. Eckes is advertising manager. This company scored a total of six winners: firsts in radio advertising and printed dealer promotion; seconds in employee magazines, window displays and television; and third in car cards and posters. Other gas utilities also made excellent showings. This contest drew more than 2,000 entries in 17 regular and five special classifications.

Walter G. Heren, Union Electric Co. of Missouri, St. Louis, was elected president of PUAA at the meeting. Other new officers are: first vice-president, C. Fred Westin, Public Service Electric and Gas Co., Newark, N. J.; second vice-president, Ray W. Fenton, The Peoples Gas Light and Coke Co., Chicago; third



Newly elected to lead the Public Utilities Advertising Association are: seated, C. F. Westin, first vice-president; W. G. Heren, president; and R. W. Fenton, second vice-president. Standing, G. G. Hanel, secretary; Robert Bridges, third vice-president; and Mead Schenck, treasurer



Three good gas men, tried and true—Second Vice-President Ray Fenton, Past President Bill Hewson and First Vice-President Fred Westin—pose at the PUAA convention before some of the gas industry advertising material which scored so heavily in the Better Copy Contest

vice-president, Robert H. Bridge, The Cleveland Electric Illuminating Company. Reelected were: secretary, George G. Hanel, The Connecticut Light & Power Co., Hartford; and treasurer, Mead Schenck, Interstate Power Co., Dubuque. Newly elected directors are: Ray Martin, Consolidated Edison Co. of N. Y. Inc.; L. C. Roberts, Lone Star Gas Co., Dallas; and Robert N. Robertson, Florida Power Corp., St. Petersburg.

Two individuals were selected for unusual tributes at the convention. Charles W. Person, advertising director, American Gas Association, was cited for outstanding contributions to public utility advertising. Mr. Person, who retires June 1 after 34 years as head of A. G. A.'s advertising activities, also received a gift of a desk clock from his fellow workers on the advertising committee. [For details on the presentation and other background, see story on page

8.] Also singled out for special commendation was Harold S. Metcalfe, West Penn Power Co., a past PUA president, who was made an honorary member.

Opening the convention, Paul L. Penfield, Detroit Edison Co., president of PUA, reported on the growth and development of the Association. Its membership now totals 374, with representatives in 46 states, the District of Columbia, Hawaii and six foreign countries. Welcoming addresses were delivered by H. A. Eddins, executive vice-president, Laclede Gas Co., and Dudley Sanford, vice-president, Union Electric Co. of Mo.

Kickoff speaker was Elon Borton, president, Advertising Federation of America, who stressed the tremendous force of mass communication. Between seven and eight billion dollars are spent on advertising in the United States, he declared, adding that this amount is four to 50 times as great as in any other coun-

try. With only 60,000 to 70,000 men and women working in this field, a great responsibility and opportunity rests on the shoulders of a comparatively few people, Mr. Borton said.

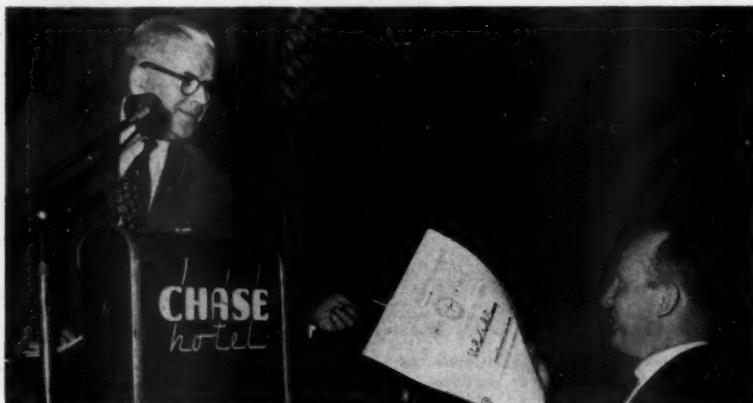
Significant facts about television were brought out at the clinic which concluded the morning session. J. G. Baird, Westinghouse Electric Co., called TV the "new dimension in advertising," and noted that 25 million homes are now equipped with sets. While such a popular program as "Studio One" costs \$3,600,000 a year, Mr. Baird said, it reaches 20 million people weekly over 64 stations with live sales demonstrations. The cost of such live television programs is only \$1.15 per thousand viewers reached, he continued, whereas magazine advertising costs \$6.10 per thousand people who "note" it, and \$34 per thousand who "read" it. After giving many instances of direct sales from TV demonstrations, Mr. Baird concluded that his company "never spent an advertising dollar that brought such spectacular results or caused so much conversation."

Talking on "Bach Versus Boredom," R. D. Lewis, Laclede Gas Co., described the popular Laclede Little Symphony broadcast which started in October, 1950. This local program competes favorably with network shows, Mr. Lewis said, attracting an audience of 500,000 to 750,000 per broadcast. At a cost of one-half cent per listener, the program has inspired confidence in the gas utility and proved a potent promotional force.

The concluding speaker in the TV clinic, Merle S. Jones, vice-president, CBS Television, described the selling power of this spectacular medium. Half of all homes now have sets, he asserted, and two-thirds will have them by next year. In June, 1953, four-fifths of the country will be within reach of television programs. The cost of such programs in terms of people reached has declined 60 percent in four years, Mr. Jones noted. By contrast magazine and newspaper advertising costs have gone up.

First of a parade of public relations speakers, was B. L. England, president, Edison Electric Institute, who addressed the opening day luncheon. Mr. England emphasized that the key to good public relations rests with top management. The structural strength of the entire company is bound up in its relations with the public, he declared. At stake, he warned, is the survival of the free enterprise system.

(Continued on page 45)



Harold E. Eckes, advertising manager, The East Ohio Gas Company, right, receiving six different awards in Better Copy Contest from James V. McDonald, chairman of the Contest Committee. Top honors in the entire contest went to East Ohio which scored two firsts, three seconds and a third



Keynote speaker at the Friday luncheon, James F. Oates, Jr., chairman, The Peoples Gas Light and Coke Co., Chicago, center, gave an inspiring address on public relations. Mr. Oates is flanked by Laclede Gas Co. executives, Henry A. Eddins, vice-president, Robert W. Otto, president

Home service in sales promotion is theme of PCGA workshop



Gas companies in Concord, Calif., San Francisco, Phoenix, San Diego, Seattle, Salt Lake City, Portland, Santa Cruz, Los Angeles, Vancouver, Hollywood and Tucson sent home service personnel to the PCGA Home Service Workshop



Among the Workshop speakers were R. D. MacMahon, W. G. Kringle, Beatrice Lawson Miller, J. E. Kern, Gordon Boyle, Mrs. Christabel Grauer, W. W. Fitkin, Lillian Rayburn, Frank Seitz and Filmore Doyle

FROM VANCOUVER to Phoenix and Tucson—from Portland and Seattle to Salt Lake City, home service representatives in the Pacific Coast Gas Association joined with the California departments in a 2-day Workshop in Santa Barbara, April 15 and 16.

Mrs. Christabel Grauer, Southern California Gas Co., Hollywood, presided as chairman. A large number of sales and district managers augmented the attendance at the program which was directed specifically to

home service in sales promotion.

Ten newspaper and radio home economists from Southern California were in attendance, as well as the home economics faculty and students from the Santa Barbara branch of the University of California.

R. D. MacMahon, Southern California Gas Co., general chairman of the PCGA Sales and Advertising Section, discussed the sales problems and the opportunities with which home service could ally its activities during

the next year.

Frank Seitz, manager of sales, Southern Counties Gas Co. of California enumerated home service fundamentals and applied them to specific promotion activities.

Equipment discussions by manufacturers, quickie demonstrations with gas by two home service representatives of the Pacific Gas & Electric Co., and product presentations from food company home economists pointed up an effective workshop program.

Attendance at LP-gas convention double previous record

REPRESENTATIVES of the LP-gas business from all 48 states, Mexico, Canada and Europe met in Chicago on May 3-6 for the Liquefied Petroleum Gas Association convention and trade show.

The attendance of almost 3,000 LP-gas marketers, producers, and appliance manufacturers indicated the recent surge of industry growth. This is twice the attendance of LPGA's last national convention, held just four years ago.

U.S. Senator Alexander Wiley of Wisconsin, chairman of the Foreign Relations Committee and one of the ranking members of the Eisenhower administration, opened the program with a talk on "What Is Our Foreign Policy?"

Two hundred exhibits of the latest LP-gas appliances and equipment covering 40,000 square feet in the Conrad Hilton Hotel's exposition hall and annex was one of the principal attractions.

Speakers at the general session and their subjects were: Mort Farr, Upper Darby, Pa., past-president, National Appliance and Radio-TV Dealers Association, "Growth Through Cooperation;" H. Ferris White, partner, Booz, Allen & Hamilton, management engineers, Chicago, "Time Out for Self-Appraisal;" and F. N. Mabey, president of the association and of the Mountain States Gas Co., Denver, who reviewed recent industry

progress. Cal Tinney, Tulsa, Okla., radio and television commentator and humorist, was featured at the Wednesday luncheon.

Wednesday afternoon was devoted to separate sessions of the various association divisions. Programs included open forums and talks by Donald M. Hobart, vice-president and director of research, Curtis Publishing Co., Philadelphia; W. R. Lund, manager, marketing research, Warren Petroleum Corp., Tulsa; M. L. Trotter, president, Carolina Butane Gas Co., Columbia, S. C.; Walter H. Miller, president, Dri-Gas Co., Chicago; R. C. Harris, Suburban Gas Service, Upland, Calif.; A. H. Cote, Suburban Propane Gas Corp., Whippany, N. J.; C. F. Butterworth, Magic Gas Service, Ortonville, Minn.; V. F. Bittner, assistant chief technical engineer, The Peoples Gas Light & Coke Co., Chicago; P. A. Ray, chief engineer, United Cities Utilities Co., Chicago; George Steinmetz, chief engineer, Public Service Commission of Wisconsin, Madison; and L. C. Rohert, gas engineer, Middle West Service Co., Chicago.

Section chairmen who led the round-table discussions were: I. W. Patterson, General Gas Corp., Baton Rouge; George H. McFadden, Ohio Foundry & Manufacturing Co., Steubenville, Ohio; Robert C. Lisk, Fisher Governor Co., Marshalltown, Iowa; Al Alice, Delta Tank Manufacturing Co., Baton Rouge; George W. Bach, Skelly Oil Co., Kansas City;

Fred A. Henninger, Charlotte (N. C.) Tank Co.; and John Knox Smith, Metrogas, Inc., Chicago.

M. L. Trotter, president of the Carolina Butane Gas Co., Columbia, S. C. was elected president of the Liquefied Petroleum Gas Association. He succeeds F. N. Mabey, Mountain States Gas Co., Denver, Colorado.

Other officers chosen for the 1953-54 association year are W. R. Sidenfaden, president, Suburban Gas Service, Upland, Calif., first vice-president; Harry Torbit, president, Union Gas & Equipment Corp., Pueblo, Colo., second vice-president; Walter H. Miller, president, Dri-Gas Co., Chicago, treasurer; and Arthur C. Kreutzer, Chicago, secretary. Howard D. White, Chicago, is executive vice-president of the organization and Kreutzer is vice-president and counsel.

Happiness

● If you would accomplish anything in life worthwhile and have a measure of happiness, then choose an ideal, be loyal to it, fight for it with abiding faith, and in time the realization is apt to come.

—William R. Franklin, *Hoard's Dairyman*



Leaders of '53 National Conference of Electric and Gas Utility Accountants were Bernard S. Rodey, Consolidated Edison Co. of N. Y., Inc., chairman, A. G. A. Accounting Section and E. L. Cassady, Indianapolis Power and Light Co., chairman, EEL Accounting Division

Smith Davis, Los Angeles, H. Carl Wolf, A. G. A., G. U. Callens, Detroit, S. B. Eddy, Albany, J. F. Oates, Jr., Chicago, D. H. Mitchell, Hammond and K. W. Haagenen, Milwaukee were opening session speakers

*National Conference of Gas and
Electric Utility Accountants lives up to advance
billing with inspirational program*

Varied program points wide accounting scope



R. M. Campbell, New York, chairman, A. G. A. Taxation Accounting Committee, H. Wolf, A. G. A., L. F. Scholley, Cleveland and H. S. Bennion, EEL, participated in presentation of citations to the A. G. A. and EEL Taxation Accounting Comm



A forceful, information-packed program was presented to the more than 1200 registrants assembled at the National Conference of Electric and Gas Utility Accountants, Hotel Sherman, Chicago, April 20-22.

The program was an indication of the vast number of subjects with which the present day accountant must be acquainted in order to fulfill his obligation to his company and himself. The delegates were provided with the opportunity of hearing authoritative speakers on these subjects.

With E. L. Cassady, Indianapolis Power and Light Co., chairman, E.E.I. Accounting Division, and Bernard S. Rodey, Jr., Consolidated Edison Co. of N. Y., Inc., chairman, A. G. A. Accounting Section, presiding, the conference was opened with a word of welcome from H. Carl Wolf, A. G. A. managing director.

Greetings were also extended by James F. Oates, Jr., chairman, The Peo-



The Customer Activities Groups' Wednesday morning session was led by: James C. Messer, Chicago; J. W. Mauchly, Philadelphia; J. G. Ross, Rochester, and M. J. Walsh, New York, co-chairmen; W. T. Brauer, Mineola, N. Y.; J. H. Purdy, Baltimore; G. F. Higgins, Detroit



Participants in a panel discussion of "Tips and Tricks in Plant Accounting" were: F. W. Ross, Allentown; M. B. Romeiser, Buffalo; W. T. Mott, Chicago; N. C. Kushner, N. Y.; C. W. Kelsey, Ithaca; H. M. Allen, Oklahoma City, and L. E. Reynolds, Hartford, moderator

ples Gas Light and Coke Co., Chicago. Mr. Oates charged the accountants that their duty was to share in management's responsibility. By analyzing costs so that earnings may properly be determined the accountant can assist in management's decisions.

Accounting is the most effective weapon in utility regulation, but like the atom bomb, it should be controlled, Spencer B. Eddy, public service commissioner, State of New York, told the delegates. He warned against the doctrine of expediency. [An abridgement of Mr. Eddy's paper appears on page 15.]

Smith Davis, financial analyst, Southern California Edison Co., presented a paper prepared by Harold Quinton, executive vice-president of the same company, on "Costs in a Changing Economy." Cost control programs which develop company wide cost consciousness produce highly beneficial results because they make people think, said Mr. Quinton. The speaker also said that the employer must not only demonstrate to

employees that they are receiving a fair share of the fruits of the enterprise but must also enlist their support in his aspirations and plans for the future growth and employee welfare.

Kenneth W. Haagensen, director, public relations, Allis-Chalmers Manufacturing Co., gave a sharply etched picture of the human side of business. An understanding of people is the basis for understanding all of today's problems, he declared. Our lack of this understanding is realized by those opposed to a free enterprise system and they attack American business through this fault.

George U. Callens, assistant personnel coordinator, The Detroit Edison Co., presented a case study of supervisory selection. Mr. Callens' talk was sponsored by the Accounting Employee Relations Committees. The case study showed the method of rating employees under consideration, thus making it possible to select the best qualified and having available the data to explain to others who were under consideration how they might

better improve themselves.

The proceedings of this opening session were summarized by Dean H. Mitchell, president, Northern Indiana Public Service Co., and an A. G. A. director.

One of the highlights of the conference dinner held on the second evening was the commendation given to the co-chairmen of the Taxation Accounting Committees, R. M. Campbell, Consolidated Natural Gas Co., A. G. A., and L. F. Scholley, The Cleveland Electric Illuminating Co., EEI. They were presented with a scroll and a gavel in recognition of the outstanding work their committees have done for the public utility industry. The names of the past chairmen of the committees were engraved on the gavels.

A combined session, presided over by M. J. Walsh, Consolidated Edison Co. of N. Y., Inc., and J. Gordon Ross, Rochester Gas & Electric Corp., respective coordinators of EEI and A. G. A. Customer Activities Groups, set the pace for several follow up sessions.

Collectors should not be added to reduce uncollectibles, opined H. S. Hahn, The Ohio Fuel Gas Co., who discussed this question. Mr. Hahn said, "The costs of extra effort may actually be as much as or in excess of the increased income which would be obtained." A "get tough" collection policy creates a serious customer and public relations problem in our communities. The cost of remedying the damage done would run considerably more than the amount of any reduction in bad debts through increased collection activity.

A talk on "Let's Get Rid of the Un-

valuable materials on customer relations training.

The several committees in this group held individual luncheons followed by afternoon sessions on the second day of the conference. The Customer Accounting Committees meeting was presided over by G. F. Higgins, The Detroit Edison Co., and W. M. Penfield, Public Service Electric and Gas Co., committee chairmen of the EEI and A. G. A. respectively.

W. R. Seidel, Rochester Gas & Electric Corp., reported on a survey of work assignments of the meter reader. Respon-

tee. A panel session on this subject with A. G. Neumann, Wisconsin Electric Power Co., acting as moderator followed. R. B. Herrold, Columbia Gas System Service Corp., presented the side of decentralized controls while H. C. Garvens, Milwaukee Gas Light Co., presented the opposite side or centralized controls.

The preparation of meter readings for billing as done by The Cincinnati Gas & Electric Co. was discussed by J. C. Luchsinger of that company. Mr. Luchsinger told among other things of the proofs which were set up before a route was billed and the manner in which ac-



Sitting at the speakers table during the Customer Collections Committees luncheon meeting, Tuesday, were: E. P. Knapp, Washington, D. C.; H. S. Hahn, Columbus; D. M. Arnold, New Castle, presided; L. J. Rauh, Baltimore; J. F. Rooney, N. Y.; W. T. Brauer, Mineola



The Accounting Employee Relations Committee session, Wednesday, included a question and answer period on "Supervisory Selection," G. U. Callens, Detroit, as discussion leader. J. D. Elliott, Detroit, presided.

reasonable Customer" was presented by G. S. Coates, Southern Counties Gas Co. of California. He pointed out how systems and routines readily accepted by utilities can easily be changed to make friends out of irate customers.

C. H. Olson, Duquesne Light Co., emphasized the difficulty in establishing clerical standards throughout the industry because of the many and varied systems. But the setting up and maintaining of standards can be done and the expense curtailed through the cooperation of the employees. Benefits include increased production and the more accurate scheduling of work.

The Customer Relations Training Project Report was presented by B. J. McMillen, The Cincinnati Gas & Electric Company. He informed the group that the committee will complete its assignment with the release in the fall of a packet

sibility in the assignment of meter readers' daily work was found to be largely that of the meter reader supervisory personnel who are familiar with the peculiarities of his own area.

W. F. Rowe, Long Island Lighting Co., EEI Chairman of the Methods and Effects of Rerouting Subcommittee, reported that the scope of his committee's subject was so broad that rather than preparing statistics from the many plans in use, he felt a presentation of one of these plans in detail would better describe the problems facing growing companies. N. B. Macauley, New England Electric System, described the rerouting methods employed in the New England Power Service Co. of Boston.

C. E. Minister, Columbus and Southern Ohio Electric Co., presented the progress report of the controls and balance of accounts receivable subcommit-

counts were estimated.

E. H. Martinson, Ebasco Services Inc., gave an interim report on customer accounting methods and equipment.

H. C. Bullion, The Detroit Edison Co., announced that a new directory of customer accounting methods and equipment is available as a result of the work done by his committee. This indexed booklet shows the various methods and equipment used by 258 members of the industry representing 46 states, Puerto Rico, Hawaii and Canada.

P. A. Leach, United Gas Corp., reporting for his Committee on Filing Equipment and Methods announced what is believed to be a first in the history of the conference. This committee in presenting its report has included a brochure which shows in detail the different types of filing equipment and methods used by various companies.

The Customer Collections Committee luncheon and afternoon session was presided over by chairman D. M. Arnold, Pennsylvania Power Co., EEI, and L. J. Rauh, Consolidated Gas Electric Light and Power Co. of Baltimore, A. G. A. Speeches were presented by J. F. Rooney, Consolidated Edison Co. of N. Y., Inc., on "What Does Top Management Expect of the Credit Men?" and by E. P. Knapp, Potomac Electric Power Co., on "Off-System Collection Methods." There followed a general discussion of "The Value of Active Collection Treatment" led by F. J.

son Co. of N. Y., Inc. Mr. Smith pointed out that the companies which have improved their letters found that obtaining the services of an outside letter consultant is more effective than attempting to do the job with company personnel. "Letters," said the speaker, "should begin with R.M.A. (right mental attitude) and contain H.T. (human touch)."

E. M. Alt, Northern Indiana Public Service Co., reported that a study by his committee showed that most companies are still lighting and turning off space heating equipment free of charge. However, the trend seems to be toward charg-

periodically for comparative purposes.

W. T. Brauer, Long Island Lighting Co., in his discussion on prompt payment incentives, reported that returned questionnaires on the subject indicated that each of the companies reporting had its own good reason for having or not having a prompt payment incentive. There was no attempt on the part of Mr. Brauer or his committee to make any recommendations on what apparently is a controversial matter.

"Electronic Accounting" was discussed by J. A. Mauchly, Ph.D., Eckert-Mauchly Div., Remington Rand, Inc.,



The Depreciation Accounting Committees Session, Tuesday morning, was led by: E. Worley, Birmingham; J. J. Reilly, New York; G. T. Logan, Philadelphia; R. A. Logan, New York; and W. J. Foster, Ithaca. Messrs. Logan and Foster presided



Headlining the Internal Auditing Committees' Tuesday morning meeting were: Magnus Anderson, Milwaukee; L. D. Brumit, St. Petersburg; W. L. Schoonmaker, Newark, N. J.; A. I. Russak, Cincinnati; N. L. Kennedy, Rockford; H. C. Davis, N. Y.

Flom, The Detroit Edison Co., and R. E. Waldo, Columbus and Southern Ohio Electric Company.

H. M. Schelden, Pennsylvania Power and Light Co., opened the luncheon meeting of the Customer Relations Committee with an address of welcome, and expressed appreciation of the work which had gone into the preparation of conference papers.

H. R. Potts, Columbus and Southern Ohio Electric Co., presented a paper on the "Effect of Rate Increases on Customer Contact Employee-Training." He stated that the committee agreed that an increase in rates can be sold to the public by properly trained customer contact employees rather than by the usual advertising medium.

A most appropriate title, "Letters that Smile," was the subject of an address by G. E. Smith, Consolidated Edi-

ing for light ups in cases where the requests for service are received after the heating season begins.

High bill complaints were thoroughly discussed by H. R. Flanagan, Philadelphia Electric Company. H. F. Martin, Long Island Lighting Co., outlined his company's program in assuring prompt restoration of service to customers following breakdowns caused by fires and storms. "Being Prepared" seems to be the motto of this company.

At the Wednesday morning session of the Customer Activities Group, J. H. Purdy, Consolidated Gas Electric Light and Power Co. of Baltimore reported that companies which have conducted opinion surveys evaluating customer attitudes obtained best results by making personal calls rather than contacting by letter or telephone. The survey is useless, however, unless a follow-up is made

co-inventor of the Univac. Dr. Mauchly pointed out that large electronic computers are capable of tremendous speed which will reduce accounting costs, even though the initial cost is substantial. He also described the binary system used by such machines.

Along the lines of mechanization was the paper presented by G. F. Higgins, The Detroit Edison Company. This paper prepared by the General Electric Company described an experiment made in cooperation with Mr. Higgins' company to develop a portable machine which would enable the meter reader to take a reading of the meter and process a bill for service on the customer's premises. It was hoped that the cost of such a system would be lower than conventional methods. However, an analysis showed that portable billing would cost more than industry could pay and fur-

The Tuesday morning session of the General Activities Groups was led by A. R. St. Bernard, Cleveland, H. H. Scaff and E. W. Morehouse, New York, G. T. Logan, Philadelphia, W. J. Foster, Jr., Ithaca, H. F. Noneman, New York, O. K. Boyd, Baltimore, presided, R. M. Campbell, New York, A. A. Ladon, Chicago, L. F. Scholley, Cleveland and Arthur Skelton, Chicago



ther experiments along this line were dropped.

J. C. Messer, The Peoples Gas Light and Coke Co., emphasized the importance of the Accounting Developments Service to the association. This service is a medium for publishing new developments and improved methods between conferences and is an effective tool for disseminating these new ideas to the association.

The large attendance at the combined session held on Tuesday morning and the audience reaction attested to the interest in the subjects presented. O. K. Boyd, Consolidated Gas Electric Light and Power Co. of Baltimore, presided.

H. F. Noneman of Whitman, Ransom & Coulson, covered the tax aspects of pension planning from the standpoint of the recipients of the pension. His approach to the problems of taxability covered not only federal income taxes but estate and gift taxes as well. He pointed out the pitfalls into which an unsuspecting, would-be benefactor may plunge an intended beneficiary under a plan which embraced the purchase of a single premium annuity for such beneficiary.

The many items of income and deductions which, because of the Internal Revenue Code and the Regulations, must of necessity provide differences between book net income and taxable net income for federal income tax purposes were described by A. A. Ladon, executive assistant, District Commissioner of Internal Revenue, Chicago.

The discussion revolving around the subject "Economic Depreciation—Capital Exhaustion" proved of such interest that the enthusiasm was carried over into one of the later scheduled meetings. The subject was presented by F. L. Griffith, The Peoples Gas Light and Coke Co., E. W. Morehouse, General Public Utilities Corp., and H. H. Scaff, Ebasco

Services Incorporated.

Mr. Griffith pointed out the difference between the true cost of depreciation and the annual amortization of original cost. A utility, through depreciation, must protect the equity investment by providing for the replacement of its property. Depreciation on an original cost basis will not provide for this replacement with like property which today costs appreciably more than at the time of original installation. Mr. Griffith contended that in order to provide for the replacement of property true depreciation costs must reflect the current dollar value. It was Mr. Griffith's recommendation that, for statement purposes, the true depreciation cost be an operating expense and that the credit in excess of recovery of original cost be credited to a capital adjustment account.

Property replacement cost

Mr. Griffith was followed by Mr. Morehouse who took the position that the records of account should be maintained according to current practice. Mr. Morehouse stated that the problem of replacing property at an inflated cost is not an accounting problem but an economic one. He continued by pointing out that, as an economic problem, the increased cost of replacing property should be recognized in rate making.

Mr. Scaff was the final speaker on the subject. He was opposed to introducing into accounting statements any items that were stated at current dollar value while the other accounts were on an original dollar basis. He further stated that income from rate making rather than depreciation was the chief tool for protecting the equity investment.

Another combined session which stimulated and held audience interest was that of Wednesday morning when the Plant Accounting and Property Records

Committee and the Depreciation Accounting Committee presented a joint panel discussion on plant and depreciation accounting. H. R. Flanagan, Philadelphia Electric Co., once again was the moderator of the panel which included R. H. Miller, Northern Natural Gas Co.; A. J. McNulty, Boston Edison Co.; A. L. Davies, West Penn Power Co.; H. G. Eilers, The Cincinnati Gas and Electric Co.—all members of the Plant Accounting and Property Records Committee. The panel members from the Depreciation Accounting Committee were Fred Eckstein, New Orleans Public Service Inc.; M. J. Gonzales, Consolidated Edison Co. of N. Y., Inc.; B. A. Morse, Southern California Edison Co.; and C. E. Packman, North Shore Gas Company.

The major portion of the questions put to the panel concerned the problem of segregation of reserves for depreciation by primary plant accounts. It was disclosed that, so far as those present knew, only New York and Wisconsin maintained depreciation reserves in this manner. It was brought out, however, that the Classification of Accounts now being revised by NARUC will require that utilities maintain depreciation reserve by plant functions. Members of the panel, as well as the audience, were of the opinion that the utility industry should not voluntarily undertake the job of maintaining depreciation reserve by plant account unless the governing commission required it. The primary objection was the problem involved in distributing the cost of retiring property by plant account. It was brought out that this could be done by field reports or by standard costs, but field reports are not always reliable and standard costs for retiring different types of property would have to be developed. The consensus of opinion seemed to be that the work involved would not justify the end result.

Another subject that evoked considerable interest was the problem arising as the result of a utility discontinuing manufactured gas production and going over to straight natural gas; in such an instance the retirement of the production facilities would result in a debit balance in the production plant depreciation reserve, due to an insufficient accrued reserve. In order to avoid a debit reserve balance it was suggested that the undepreciated portion of the retirement be either charged to a surplus account or to an abandoned property account and then

of rate base and earnings resulted.

L. E. Worley, Southern Services, Inc., commented on "What the Courts and Commissions Said about Depreciation in 1952." Mr. Worley's paper highlighted the differences in the various drafts on NARUC's proposed revision of the Uniform System of Accounts and the proposals for such revision submitted by the Accounting Committees of A. G. A. and EEI.

John J. Reilly, Ebasco Services Inc., presented a paper on the "Application of Actuarial Analysis to Depreciation Ac-

terprise and that the willingness of investors to venture new capital depends upon the utility's ability to earn a reasonable rate of return both in the periods prior to active service and after the plant has been placed into operation."

Six interesting points were revealed by E. E. Roll, The Detroit Edison Co., in his highlights on 1951 and 1952 annual reports to stockholders:

1. Utilities are far ahead of other industries in comparative balance sheets.
2. Most utilities are showing a break-



Customer Accounting luncheon session headliners were: sitting, S. A. Cole, Ithaca; F. Higgins, Detroit, and W. M. Penfield, Newark, co-chairmen; J. C. Luchsinger, Cincinnati; W. R. Seidel, Rochester. Standing, W. F. Rowe, Mineola; J. O. Hill, Boston; N. B. Macauley, Salem; W. A. Kelly, Baltimore; and W. M. Dolan, Syracuse



At the head table of the Customer Relations Luncheon there sat H. F. Martin, Mineola, H. R. Flanagan, Philadelphia, E. M. Alt, Hammond, G. E. Smith, New York, J. R. Maher, Hartford, H. M. Schelden, Allentown, and C. J. Berner, Milwaukee, co-chairmen, H. R. Potts, Columbus

amortized over a period of time. The same treatment was given as a solution to the retirement of a large unit of property that has an insufficient accrued depreciation reserve at the time of retirement, when it was deemed undesirable to decrease a group reserve by the amount of the undepreciated original cost of the unit being retired.

The Depreciation Accounting Committee meeting on the afternoon of the second day of the conference under the co-chairmanship of G. T. Logan, Philadelphia Electric Co., and Wm. J. Foster, Jr., New York State Electric & Gas Corp., heard a series of talks on current questions in depreciation accounting.

R. A. Rosan, The Columbia Gas System, Inc., presented a paper entitled "A Lawyer Looks at Retroactive Adjustments to Depreciation Reserves;" this was a documented presentation of the widely held contention that the doctrine of *res judicata* should be binding upon commissions, and where it was not binding in the cases illustrated, a confiscation

counting for Public Utilities." He explained the use of the Observed Life Table Method, Frequency Table Method and Retirement Ratios Method as actuarial tools in estimating depreciation.

Co-Chairmen Arthur Skelton, The Peoples Gas Light and Coke Co., and A. R. St. Bernard, The Cleveland Electric Illuminating Co., presided at the General Accounting Committees meeting.

E. B. Blease, Northern Natural Gas Co., in speaking on "Interest During Construction and Its Relation to Rate of Return," said, "The electric and gas utility industries believe that the purpose of charging interest during construction to plant is to record the investors' claims to recovery of a return for the economic sacrifice and risks incurred during the construction period and that this represents a logical method of establishing the investors' claim against future earnings from operation of the plant. It is inherent in this interpretation that the risks attached to the dollars from the moment they are committed to the en-

down of their plant.

3. There is an increase in the number of utilities deducting depreciation reserve from plant.

4. There is a trend to show all tax liabilities as one figure, although federal tax is shown separate by most companies.

5. It is very informative to show income by rate classes.

6. Accelerated amortization for the purpose of tax reduction is still a big issue. Some utilities put the credit in surplus, however unless it was reserved for future taxes the auditors issued a qualified certificate.

The findings of a survey conducted on current pay practices were reported by F. J. Labanca, New Orleans Public Service Inc. Among other things, most of the companies contacted have a centralized payroll department, pay by check, and have pay practices incorporated in union contracts.

F. J. Porter, Jr., Consolidated Edison
(Continued on page 48)

Heavy enrollment at Industrial Gas School

From 53 United States and four Canadian utility companies, 23 manufacturers in United States and Canada, three pipeline companies and one service organization, 160 industrial gas men were enrolled for the five day intensive training course sponsored by the A. G. A. Industrial and Commercial Gas Section. Representatives came from 28 states and two Canadian Provinces.

The 1953 Industrial Gas School was held in the Sheraton-Cadillac Hotel, Detroit, during the week of May 4. Students were welcomed at the opening session by Henry Tuttle, president, Michigan Consolidated Gas Company.

Section Chairman Terry Hart, the first lecturer, outlined to the students "The Responsibility of the Industrial Fuel Representative." His theme of integrity, accuracy and energy pointed out to the industrial engineer that he must work out his own salvation and that, "Every assignment you undertake is a test of your integrity. Either you give it all you've got or you just go through the motions. You must have a plan of action before you leave the office. Any time you goldbrick or turn in phony reports—you may fool the boss for a while—but you're fooling yourself." Selling is a proud profession, he told his listeners and the company's fate is in the hands of the salesman.

Lawrence R. Foote, Bryant Industrial Div., Affiliated Gas Equipment, Inc., followed with a paper on "Relationships with Equipment Manufacturers" in which he showed that it was the responsibility of the manufacturers to see that their customers were satisfied and that their interests were paralleled with those of the industrial gas engineer. He cited some parts of the GAMA Code of Eth-

ics and then proposed a "creed" for gas utility engineers.

The technical phases of the course began with the afternoon sessions of the first day with D. A. Campbell, Eclipse Fuel Engineering Co., opening the lectures on combustion with a paper on its fundamentals. Appended to Mr. Campbell's paper was Information Letter #44, "Industrial Gas Nomenclature," originally prepared by him.

"Combustion Systems and Burners" by H. W. Schramm, Surface Combustion Corp., continued this series. Specific applications were described and included the various systems applied to burners for atmospheric and other types of burners used in industrial applications.

Those applications where another fuel used in combination with gas give better results than gas alone were covered by Charles C. Eeles, The Ohio Fuel Gas Co., vice-chairman of the section. He used forge heaters as an example of gas-oil burners producing the ideal flame for this type of heating operation.

Basic applications were included in the second day's lectures led off by George McCormick and C. E. Wenger of the Industrial Heating Equipment Co. who based the paper on the practical approach to providing furnace and burner capacity in industrial heating operations. A portion of the paper was devoted to a practical description of how to look for and correct the many types of trouble that might develop in furnaces and other industrial equipment.

Raymond R. West, Brown Instruments Div., Minneapolis Honeywell Regulator Co., lectured on "Temperature Measurement and Control." He outlined the various types of measurement and control instruments and the general use

Robert C. LeMay, coordinator of sales, Selas Corp. of America, Philadelphia, demonstrates compression and tension during his lecture on glass tempering.



Industrial Representative K. L. Valrance, introduced by Vice-President Hale A. Clark, both of Michigan Consolidated Gas Co., lectured on food processing.

which each could serve. To illustrate the different types of temperature controllers, Mr. West had a demonstration panel on the platform on which his associate set up the different circuits to operate the controls as they would actually function if installed on a furnace.

The industrial gas engineer will encounter many local community regulations and codes governing installation of gas equipment. These codes and the reasons for them, together with the safety equipment required to meet them, were explained by James B. Smith of the Factory Mutual Engineering Division. Safety measures on lighting furnaces and boilers were given consideration as were the causes and prevention of explosions. He advised the students to become familiar with the A. G. A. and American Standards Association safety codes.

One of the most important and most often encountered problems of the gas

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Among the 1953 Industrial Gas School lecturers were: Herman Gehrich, Gehrich & Gehrich, Woodside, N. Y.; A. D. Frydendall, The Peoples Gas Light and Coke Co., Chicago; and Stanton T. Olinger, The Cincinnati Gas & Electric Company



Charles C. Eeles, The Ohio Fuel Gas Co., Industrial and Commercial Gas Section vice-chairman, left, looks on as R. R. West, Minneapolis Honeywell Regulator Co., describes working of temperature control on demonstration panel

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Students, from a continent-wide cross section of the gas utility and gas appliance manufacturing industries, concentrate on giving the exactly right answers, during one of the daily examinations at the 1953 Industrial Gas School

engineer is that of heat treating. There are almost as many varieties of heat treating as there are products requiring heat treating. There are certain fundamentals which apply, especially in ferrous metals. One of these is "The Iron-Carbon Equilibrium Diagram" presented by Edward J. Ocean, Michigan Consolidated Gas Company. This lecture included the definitions of the various substances found in iron and steel at different temperatures. Then the critical ranges were covered with a description of the changes that occur in solid solution together with the effects of heating and quenching.

Stanton T. Olinger, The Cincinnati Gas & Electric Co., outlined the general principles of heat treating steel. This included citing the analysis of different types of steel and exactly how each is treated to give the desired metallurgical characteristics. Temperatures, types of heat treating such as nitriding and cyaniding and other pertinent information for the gas engineer were discussed.

nitriding and other pertinent information for the gas engineer were discussed.

The lecture entitled "Tools for the Heat Treater," by A. H. Koch, Surface Combustion Corp., covered the available types of furnaces and pots for all types of heat treating. A furnace, he said, must be right for the job—not too large and not too small—and it must be economically justified.

For many of the lecturers the Sales Training Committee went outside of the gas industry to assemble its faculty. George P. Holman, Dodge Forge Div., Chrysler Corporation, told about the forge equipment at Chrysler and described the technical differences and the advantages of hot forming by hammers, pressers, upsetters and by extrusion.

The next day continued the series on heavy industrial applications with Stewart C. Parker, The Peoples Gas Light and Coke Co., leading off with a lecture

on "Melting of Non-Ferrous Metals." He described the melting techniques and types of furnaces used for melting aluminum, copper, magnesium and zinc alloys in the sand foundry, dye casting and permanent mold establishments.

In line with metal melting for casting, another gas customer was called upon for a lecture on the "Heat Treating of Aluminum." Edward S. Bunn, of Revere Copper and Brass Inc., presented the metallurgist's side of the gas heating operations.

"Annealing of Copper and Brass Alloys," by Arch H. Copeland, Jr., of the same company, covered Revere's many gas applications throughout their various processing and rolling operations.

Still another good gas customer was called upon to address the school on the subject of "Glass Melting and Fuel Utilization." The assistant director of research of Libbey-Owens-Ford Glass Co.,

Dr. Donald E. Sharp gave the students technical information on glass tank firing and the controls necessary for the production of good glass. Several equations were given to figure the thermal efficiency of glass furnaces and to figure the gas supply.

Another phase of gas utilization in the glass industry was presented by Robert C. LeMay, Selas Corp. of America who lectured on "Glass Forming, Fire Polishing and Tempering." He described the gas equipment and burners required to perform the various types of pattern heating required in this phase of glass processing.

Allied to glass is vitreous enameling. This subject was presented by Michael Bozsin of Ferro Corp. speaking for their E. W. Dany who was unable to attend. The production of various types of frit was discussed at length with an explanation that the kinds selected depended on the ultimate use of the product to which vitreous enamel was applied. That vitreous enameling firing is a good load is evidenced by the fact that an average continuous enameling furnace consumes some six million Btu's per hour at about 1400 F.

Harvey C. Weller, Surface Combustion Corp., spoke on "Ceramic Kilns" and set forth the thermal requirements and the processes involved in the firing of ceramic ware. Also included were the types of fuels used and the location of burners together with temperature control.

The subject of "Drying and Finishing" covered a very broad field as this type of processing utilizing gas fuel can be applied to thousands of products including foods. Herman Gehrich of Gehrich & Gehrich, Inc., lectured on the principles, practices and designs of

ovens for industrial drying, finishing and food processing. Formulas were included for the calculation of air volumes required for different kinds of processing operations.

Special applications was the general heading for the Thursday morning sessions and "Food Processing" by Keith L. Valrance, Michigan Consolidated Gas Co., opened this series. He covered baking and roasting with a description of the many types of ovens used and the gas application and control of temperatures required for the many forms of baked goods. Canning and the application of gas together with special atmospheres took up a considerable portion of the lecture. Smoking of meats and fish with the critical temperatures involved were also included. The lecture ended with a short discussion on drying and dehydration and the special gas applications for this type of processing.

Another type of processing that can be applied to foods and other industrial products was that of spray drying. This subject was discussed by William M. Clelland, a consultant on this specialized process. The product to be dried is sprayed into a specially shaped compartment under very high pressure where it is mixed with hot air from either direct or indirect gas-fired air heaters depending on the product involved. This results in a dry powder being deposited at the base of the compartment. Milk, eggs, soaps and other products were discussed by Mr. Clelland in his lecture.

Drying was such a broad subject that several lectures had to be devoted to this form of industrial processing. One on "Textile Processing" by E. Gilbert Silven, Providence Gas Co., gave the students an insight into the great opportu-

nity for gas sales in this field. All of these new synthetic fabrics require much higher temperatures for drying, setting and curing than steam can supply. Gas is the only fuel available for the job and it is being used more and more to replace steam and speed up production.

Some industrial products that are exposed to air during their processing are severely damaged or are rendered useless. In order to protect them during processing, special atmospheres are produced to cover them while in the processing equipment. In many cases this protective gas can be made from fuel gas cracked and reformed in special generators. The "Industrial Usage of Prepared Atmospheres" was treated by Gladstone Keir, The C. M. Kemp Manufacturing Company.

Under the heading of "Steam Generation," three lectures were given during the afternoon session. In each lecture the types of boilers were discussed and the types of burners were described, together with the proper method of gas system for a particular burner. "Steam Requirements of Industrial Processes" was presented by A. V. Leudeman, Mears-Kane-Ofeldt, Inc. John K. Baker, Eclipse Fuel Engineering Co., lectured on "Gas Designed Steam Boilers," and A. D. Frydendall, The Peoples Gas Light and Coke Co., gave a lecture on "Boiler Conversions."

Two lectures on Friday morning continued this series on special applications beginning with Maurice J. Dewey, Dewey Gas Furnace Co., lecturing on "Heating Liquids in Tanks." He described the various methods of heating tanks and the types of gas burners required for each method. Most of the lec-

(Continued on page 56)

Gas stars at "sellingest" restaurant show

With a best-yet registration of well over twenty-five thousand, the 34th annual National Restaurant Exposition occupied both the north and south wings of the Navy Pier, Chicago, for the entire week of May 11. Opening with Dealer's Day on Monday, a continual stream of delegates and visiting restaurant operators flowed through the more than 800 booths where 412 exhibitors had demonstrations, product and equipment displays and all the thousand-and-one items used in the restaurant business.

Many exhibitors throughout the Restaurant Show served a variety of foods

and refreshments. This necessitated the washing of many thousands of dishes. Without exception, all the hot water for the dishwashing machines was supplied by gas-fired large volume commercial water heaters.

One of the largest single exhibits of the Restaurant Show was the A. G. A. Combined Commercial Cooking Equipment Exhibit where 18 cooperating manufacturers showed the latest models of their heavy-duty equipment. Those participating in the four thousand square foot "Gas Area" were:

Anetsberger Brothers, Inc., Northbrook, Ill.; The G. S. Blodgett Co., Inc., Burlington, Vt.; The Cleveland (Ohio) Range Co., and Detroit-Michigan Stove Co.; as well as Duke Manufacturing Co., St. Louis; Frymaster Corp., Shreveport; Groen Mfg. Co., Chicago; and B. H. Hubbert & Son Co., Baltimore. Also cooperating were Kewanee (Ill.) Industrial Washer Corp.; Lyons-Alpha Products Co., Inc., New York; Magic Chef, Inc., St. Louis; and Malleable Steel Range Mfg. Co., South Bend. In addition, Market Forge Co., Everett, Mass.,



Every Restaurant Show visitor passed through the A. G. A. Combined Exhibit, which spanned the Navy Pier from side to side and literally stopped the show



The Food Service Equipment Committee, R. S. Chapman, Atlanta Gas Light Co., chairman, met in the Palmer House, Chicago, during Restaurant Show Week



C. M. Jewell, Detroit-Michigan Stove Co., demonstrates the durability of that company's new grey silicone baked-on finish



In the Idea Center, a Burkay commercial heater supplied two-temperature hot water for dishwashing. Gas heated all the hot water used by the many dishwashing machines shown

J. C. Pitman & Sons, Inc., Concord, N. H. and Robertshaw-Fulton Controls Co., Youngwood, Pa., participated, as did Savory Equipment, Inc., Newark, N. J.; Sellers Engineering Co., Chicago, and Vulcan-Hart Mfg. Co., Louisville, Kentucky.

Heavy duty ranges were shown in nearly every desired combination and many of them both in stainless steel and the new grey finish. Griddles combined with hot plates and broilers were also shown to complete the display of counter equipment. This display included counter type deep fat fryers as well as the standard styles. Some of the fryers were of the new high efficiency types, incorporating features developed through the recent research project at the A. G. A. Laboratories, Cleveland.

Waterless food warmers, conveyor type bread and bun toasters, steam jacketed kettles, vegetable steamers, dishwashing equipment, large volume hot water heaters and gas controls of all types completed this particular exhibit sponsored by the Industrial and Commercial Gas Section.

Gas equipment was not confined to

the A. G. A. exhibit alone. Spread throughout the giant show were many manufacturers of diverse gas-fired equipment. Included among these exhibitors were: Aeroil Products Co., Inc., griddles and broilers; Amcoin Corp., coffee urns; Bakers Pride Oven Co., Inc.; Capp Barbecue; Comstock-Castle Stove Co.; Food Machinery & Chemical Corp., bun toaster; Gold Prize Coffee Co., coffee urns; Groetchen Broil-O-Matic Co.; MagiKitch'n Equipment Corp., griddles and broilers; Middleby-Marshall Oven Co.; Miller & Carrell Mfg. Co., fryers; Ruud Mfg. Co., water heaters; A. O. Smith Corp., water heaters; Specialities Appliance Corp., deep fat fryers; Star Mfg. Co., fryers, hot plates and griddles; Super-Chef Mfg. Co., fryers; John Van Range Co.; Wilson Metal Products Co., Inc.; hot plates, griddles and fryers; and Zees Coffee Urn Co.

One of the many highlights of the Restaurant Show was the awarding of prize plaques to the winners in the 7th annual Food Service Contest sponsored by *Institutions Magazine*. For the first time all five of the first award winners

had gas kitchens. They were: AiResearch Mfg. Co., Phoenix, Ariz.; Brass Rail Restaurant, New York; Mt. Sinai Hospital, New York; The Oklahoma Memorial Union, Inc., Norman, Okla.; and Hotel Statler, Los Angeles, California.

In the classes of merit awards and honor awards gas equipment was in more than two-thirds of the winners' kitchens. Again the superiority and popularity of gas has been proved in those establishments "Where food is finest it's cooked with gas."

The 1953 National Restaurant Show will go down in history as the largest, best attended, and the show where more gas equipment was sold than ever before. All the cooperating exhibitors in the A. G. A. exhibit were well pleased with the business they did, and all had high praise for the new over-all exhibit motif of alternating background panels of mahogany and blue drapes. The mechanical flames at each corner of the A. G. A. lounge served as a beacon for all who passed through the gas area which spanned the north wing of the pier from side to side.

*Broadened functions
added by recent amendments
to A. G. A. Constitution*

Reorganize Operating Section

The Operating Section is currently undergoing the most extensive reorganization in its 35-year history. Its structure and functions; offices, committees and staff, are being revised and expanded to enable the Section to carry out its objectives as prescribed by the recent amendments to the Association's Constitution and By-Laws.

When the Constitution was amended last fall, the Section found itself charged with more and greater responsibilities than it was then prepared to handle. Previously, it had been concerned with "production and distribution of gas and by-products." Under Article XI of the revised Constitution it was assigned authority to consider and deal with all matters relating to "producing, gathering, manufacturing, storing, transmitting and distributing" gas and by-products.

Section leaders began at once a study of its organization, to determine how its structure and procedures could be altered to render the best possible service to, and provide equitable representation for, the companies and individuals engaged in these added activities—in addition to the work it was conducting.

The first step in the reorganization

was to invite representatives of these companies to suggest activities which the Section might undertake in their behalf. Regional gas associations were also asked to submit suggestions in behalf of their member companies. Early in February these representatives met to develop a program which called for the institution of activities in several additional fields. They further recommended that committees be organized to prepare detailed and specific work programs.

To assure that these committees would be truly representative of the companies involved in these operations, and would be composed of the best qualified men in their fields, a questionnaire was sent to some sixty companies, asking them to recommend personnel. The committees were organized and meetings held in Chicago, in conjunction with the Section's first Transmission and Storage Conference.

Further to assure that, in planning the Section's programs, these companies would have a voice equal to that of the companies primarily engaged in manufactured gas production and distribution, 22 members were added to the Managing Committee as representatives of natural



Warren T. Bulla, of the Natural Gas Pipeline Co. of America, sitting, front row center, is the chairman of the newly organized Communications Committee



Subcommittee on Compressor Stations' Transmission and Storage Conference, presided over by Chairman Rex Campbell, center, Michigan-Wisconsin Pipe Line Co.

The Operating Section's newly created Load Dispatching Committee is under the chairmanship of T. B. Kelley, Texas Eastern Transmission Corp., seen at the head of the table.



gas production, transmission and storage companies. The position of second vice-chairman was created in the Section, and Walter H. Davidson, Transcontinental Gas Pipe Line Corp., Houston, named the first incumbent.

The Section then accepted the transfer to it of two former Natural Gas Department committees on Transmission and Underground Storage.

The Transmission Committee, under Chairman Grove Lawrence, Southern California Gas Co., Los Angeles, is concerned with all matters relating to construction, maintenance and operation of gas transmission systems, from the well-head to the point of delivery to distribution systems. Its major objectives are to keep abreast of developments in this field, gather and disseminate information on these developments and encourage research into related problems. It has four subcommittees, two of which are composed jointly of representatives of A. G. A. and the American Petroleum Institute. The Joint Committee on Oil and Gas Pipeline Field Welding Practices, under Chairman R. G. Strong, Natural Gas Pipeline Co. of America, Chicago, has developed the "Tentative

Standard for Field Welding of Pipe Lines," published early this spring. The Joint Committee on Pipeline Railroad and Highway Crossing Specifications, under Robert H. Lynch, Keystone Pipe Line Co., Philadelphia, is developing recommendations for specifications for pipeline casing crossings. Both these Joint Committees had been active in the Natural Gas Department.

The Transmission Committee has also created two additional subcommittees. The Compressor Station Subcommittee, under Chairman Rex V. Campbell, Michigan Wisconsin Pipe Line Co., Detroit, will concern itself with all matters relating to the design, construction, maintenance and operation of compressor stations. The Pipeline Subcommittee will study the same operations for pipelines, under the chairmanship of J. W. Hall, Transcontinental Gas Pipe Line Corp., Houston.

The Committee on Underground Storage was organized late in 1951 by the Natural Gas Department to assemble and publish statistical data; sponsor the presentation of technical papers, and encourage research in this increasingly more important phase of gas industry

operations. Last year, it published the most comprehensive bibliography ever compiled on storage, and this year, under Chairman John V. Goodman, Equitable Gas Co., Pittsburgh, it joined with the Transmission Committee in presenting the first Transmission and Storage Conference.

The Underground Storage Committee has five subcommittees: the Statistical Subcommittee, under John B. Corrin, Jr., has just published the Second Annual Report on Statistics, which contains 1952 data on such matters as the number of pools used for storage; number of active wells; maximum gas injected into and withdrawn from storage during the year; number of pools under construction; and the ultimate capacity of all such facilities in the U. S. This group will publish a similar report annually.

The Subcommittee on Underground Storage Sands, chaired by Mark V. Burlingame, Natural Gas Pipeline Co. of America, Chicago, was created to encourage research and investigation and the publication of technical papers relating to underground storage in sands.

The Subcommittee on Storage Lease Forms, Charles W. Studt, Union Gas



Chairman John E. Overbeck, Columbia Gas System Service Corp., third from left, head of table, presided at the Chicago meeting of new A. G. A. Gas Measurement Committee

W. Johnson, Union Producing Co., sitting at the head of the table, is chairman of new Natural Gas Production Committee, shown here during its Chicago meeting



The recently transferred Transmission Committee held its organizational meeting in Chicago. Grove Lawrence, Southern Calif. Gas Co., head of table, is the chairman

The Committee on Underground Storage met at the Transmission and Storage Conference, with Chairman John V. Goodman, Equitable Gas Co., left, head table, presiding



System, Inc., Independence, Kansas, chairman, is engaged in collecting lease forms and other legal documents used in acquiring storage rights, as well as copies of state statutes granting the right of condemnation to gas companies, all of which will be made available to the industry.

The Subcommittee on Verifying Storage Inventory, of which Lysle R. Kirk, The Ohio Fuel Gas Co., Columbus, is chairman, is investigating the various methods of verifying inventory and plans to develop recommendations on the best procedures.

The Subcommittee on Deliverability Problems, under Chairman Charles C. Ingram, Oklahoma Natural Gas Co., Tulsa, is studying the methods of estimating deliverability of storage pools and plans to recommend appropriate research projects connected therewith.

The Section has also organized four new committees to deal with large volume measurement, communications, natural gas production and load dispatching.

Warren T. Bull, Texas Illinois Natural Gas Pipeline Co., Chicago, is chairman of the Communications Committee, which is prepared to keep abreast of all advances in that field and to disseminate such information to the industry. It will sponsor the presentation of technical papers and discussion groups at conferences and meetings, keep informed on the latest developments in types of equipment and act as liaison between A. G. A. and other organizations concerned with communications.

The Load Dispatching Committee, under Chairman T. B. Kelley, Texas Eastern Transmission Corp., Shreveport, will concern itself with all subjects relating to gas dispatching.

Under John E. Overbeck, Columbia Gas System Service Corp., Columbus, Ohio, the Measurement Committee will consider all matters relative to the use of meters for large volume measurement, including orifice and displacement me-

ters, and the scientific principles of gas measurement. This committee will work closely with the Subcommittee on Meters and Metering of the Distribution Committee, which is concerned with consumers' meters. It will also supervise the work of the Joint A. G. A.-ASME Orifice Meters Subcommittee, which is concerned with the general improvement of accuracy and adaptability of orifice meters, of which Howard S. Bean, National Bureau of Standards, Washington, D. C., is chairman.

T. W. Johnson, Union Producing Co., Shreveport, is chairman of the Natural Gas Production Committee, which will collect and analyze information, sponsor the publication of papers relating to the operating and scientific aspects and encourage research on natural gas production. It will also maintain liaison with other organizations working in this field.

These committees are now in the process of formulating definite work programs to recommend to the Section.

There are other committees in the Section which have a long record of accomplishment. Most of them are primarily concerned with manufactured gas production and distribution. Some of them will continue to function without change, while others have been requested to review their membership, objectives and activities, to determine whether revisions might be desirable in order to give representation to the companies engaged in natural gas production, transmission and storage.

Corrosion, for instance, is of importance to all types of gas companies and all gas companies use motor vehicles. Hence, the Corrosion Committee will be enlarged to include natural gas company representatives and its activities expanded to cover activities in their interest. The Motor Vehicles Committee has been renamed the "Automotive and Mobile Equipment Committee," and its scope is being enlarged to include the consideration of all mobile construction equipment.

The Chemical Committee, on the other hand, requires no change, because, as presently organized, full representation in membership and activities is given to these natural gas companies.

The Nominating Committee, by Constitutional requirement, has been expanded from four members to seven. The three additional members were appointed by the Section chairman, upon recommendation of the three members of the former Natural Gas Department's Nominating Committee. In the future, its members will be selected in the manner prescribed in the Constitution.

The first activity sponsored by the Section under its reorganization was the Transmission and Storage Conference, recently held in Chicago. A complete story on this meeting is contained elsewhere in this issue.

Since their elimination last November, many members who had belonged to the Natural and Manufactured Gas Departments have become individual members of the Section. It is anticipated that several hundred more will join the Section in the near future. To render to them and to their companies the services they require, and to carry out the additional activities now being developed, the Section's staff has been augmented by the appointment of an assistant secretary. Also, continuing studies will be made of the Section's organization in an attempt to streamline it and to eliminate any activities or committees which may no longer be considered necessary or desirable.

All of these changes have been for the purpose of enabling the Section to carry out its functions as prescribed by the Constitution and to provide the best possible service to its members. They are reflective of the changes in the industry itself, and based upon the recommendations of industry representatives. They are, however, only the beginning. For, as the industry continues to grow and change, the Section plans to keep pace.

Southwestern course attracts over 1,000

THE UNIVERSITY of Oklahoma's annual three-day session devoted to natural gas measurement and regulations was held at Norman, April 21, 22, 23. Once again more than one thousand persons from the gas and oil industry attended. The short course, the 28th in the Southwestern Gas Measurement series, was sponsored by the University of Ok-

lahoma Engineering College with help from eight industrial commissions and associations.

About 100 instructors, chiefly specialists from the gas industry gave one-hour classes in equipment and methods controlling gas pressure, regulation and measurement.

W. H. Carson, dean of the College of Engineering, heads the short course executive

committee. T. S. Whitis, West Texas Gas Co., Lubbock, Texas, served this year as general chairman, while Pat H. Miller, Texas Eastern Transmission Corp., Shreveport, was in charge of the program. Mr. Miller succeeds Mr. Whitis as general chairman for 1954, with the 29th annual short course dates set for April 13, 14 and 15, 1954.

Lerch retires as Consolidated Natural board chairman

FRANK H. LERCH, JR., has retired from the chairmanship of the board of directors of Consolidated Natural Gas Co., New York. Mr. Lerch served as president of the company from the time of its organization in 1943 to 1951, and from 1951 to 1953, he was chairman of the board of directors. He will remain as a member of the board, and will render consulting services to the company.

From 1934 to 1943, Mr. Lerch had served as coordinating head of all natural gas interests of Standard Oil Co., including the companies which now comprise the Consolidated System. He directed the organization and development of the Consolidated system and guided the company through its first years of independent operation and then through a period of growth and expansion.

Mr. Lerch, active through the years in A. G. A., is chairman of the Finance Committee, and is a member of the PAR Review and the PAR Committees. He is chairman of the Board of Trustees, Institute of Gas Technology, and a life trustee of Lafayette College.

For many years, Mr. Lerch has been a leader in advocating a strong and continuing gas industry research program.



J. French Robinson, president of Consolidated Natural Gas Co. (right), presents scroll to Frank H. Lerch, Jr., at his retirement dinner, March 19, at Waldorf-Astoria, New York. Scroll pays tribute to Mr. Lerch's service to natural gas industry. He will continue as board of directors member and consultant.

Gas turbines up delivery

EL PASO NATURAL GAS CO., as part of its current construction program, is making the first large-scale use of gas turbines for the transmission of natural gas over long distances. This fact was disclosed in the company's annual report to its stockholders.

The company is installing 28 of the gas turbines aggregating 140,000 horsepower in 10 separate stations along its main transmission lines from the Permian Basin producing area, and at intervals of about 35 miles from existing reciprocating engine compressor stations.

Paul Kayser, president of El Paso Natural, said that after a careful study of other gas-turbine installations in the country, his company became convinced that the new power is more economical for the designed use because of lower capital cost per horsepower and lower labor cost of operation.

The company's total expansion program, still awaiting approval by the Federal Power Commission, would lift El Paso's delivery capacity by 400,000,000 cubic feet of gas a day. Then, the company will deliver 1,405,000,000 cubic feet a day to California, and 600,000,000 cubic feet to customers in West Texas, New Mexico, Arizona and Nevada.

Redrup, Phillips lead group

C. B. PHILLIPS, vice-president in charge of sales, Surface Combustion Corp., Toledo, has been named first vice-president of the National Warm Air Heating and Air Conditioning Association. William D. Redrup was re-elected president. The election was held at the association's recent annual meeting in Cincinnati, Ohio.

Gas utility ad and mat service offered

A NEW GAS COMPANY advertising and mat service has been announced by Bozell & Jacobs, Inc., advertising agency specializing in public utilities' work. Designed for use in local newspapers, the new sales promotional aid will assist gas companies in their domestic appliance sales drives. It is being offered throughout the country in a series of quarterly packages.

The new newspaper advertising service also will offer each quarter a limited number of institutional advertisements designed to tell the good citizenship story of the gas companies, and the premium quality of gas as an ideal fuel for all purposes.

Copy for the ads, written for small and medium-sized utilities, is keyed to American Gas Association national advertising themes. The load-building appliance and promotional gas service ads are coordinated with the A. G. A. calendar of promotions.

Members of the American Gas Association advertising and promotion staffs are cooperating in the service by providing facts and information on industry policy to insure a sound story for local use.

The artwork is being planned especially for local newspaper reproduction, and along with copy has been adapted for use in dealer co-operative advertising or for quick substitution of brand merchandise identification.

Glenn Bishop, creator of the Bishop Gas Display service for the past 25 years, has been named sales agent for the new service. Starting in June, the Bishop service will employ advertising artwork and themes used in the newspaper service. This coordination of window and poster display with newspaper advertising will enable gas companies to obtain added sales message impact.

Two subscription plans are being offered on a flat monthly package price. One plan provides 52, the other 36 ads per year.

The service is under the direction of Vincent R. Fowler, vice-president of Bozell & Jacobs, Inc., New York.

GOOD NEWS...
for Mr. and Mrs. Budget-wise!

Only Gas Cooking Offers You Greatest Savings

Here's a priceless tip for you budget-wise people! A few dollars invested in modern GAS cooking will save you money for years and years. Family economy revolves mainly around the food budget... and the key to thrifty cooking is the new Automatic GAS Range. Only with the newest type of GAS ranges, plus low-cost dependable GAS service, can you be sure of getting important savings you can measure in dollars and cents!

Check the facts today and see for yourself why it's wise to simply let Mother... Go GAS... for... ONLY GAS COOKING offers you greatest savings!

Your guide to cooking savings:

- ✓ SAVE on First Cost
- ✓ SAVE on Installation Cost
- ✓ SAVE on Maintenance
- ✓ SAVE on Operating Costs

See the new Automatic GAS Range today. Free booklet to show how to fit your needs and your purse, or your dealer, dealer, or nearest GAS Company office.

HOMETOWN GAS CO.
(LOCAL DEALER INQUIRY)

GAS SERVICE IS SPENDING DISAPPOINTMENT COUNTS LAST

One example of newspaper ad-mat service series

Hard headed realism and justified optimism mark sales leaders' evaluation of gas industry promotional potentialities

Regional conferences stress sales promotion

New selling patterns must be adopted to meet changes in buying trends. Such plans involve both utility and dealer cooperation. These basic points comprised the theme of the Mid-West Regional Gas Sales Conference, Edgewater Beach Hotel, Chicago, April 27 to 29. The conference was sponsored by the A. G. A. Residential Gas Sales Section.

George D. Wells, The Gas Service Co., Topeka, chairman of the Mid-West Regional Gas Sales Council, sounded the conference keynote in his opening address. Manufacturers have new developments and new models ready for new markets. More aggressive salesmanship is needed to open these new markets. With dealers assuming a more important role in appliance selling, utility and dealer cooperation is a must, Mr. Wells said.

The gas industry must deal with sales ills by itself and not look for any magic remedy, according to Frank C. Smith, president, Houston Natural Gas Corp., and president of A. G. A. He outlined the A. G. A.-GAMA-proposed plan to combat the industry's ills. [A. G. A. MONTHLY, May '53, page 2.] Executives to whom the plan has been presented are almost unanimous in approving it and in pledging sales responsibility

and leadership by both utilities and manufacturers, Mr. Smith said.

If our markets contract, the gas industry will shrivel, he said. We need salesmen, whether utility or dealer, plus advertising and promotion. Local advertising which can stress brand names of appliances is very important if we are to combat competitive appliance merchandising efforts.

Salesmen and the training of salesmen are most necessary factors. The A. G. A. Dealer Sales Committee has spent many months preparing a dealer sales training program which will be ready for presentation soon, Mr. Smith said. A united industry is needed today when disunity can spell defeat, the A. G. A. president declared. He enumerated the major points in the industry's development plan calling for united action by all segments of the industry. Such united action can turn the trend of sales again in our direction, Mr. Smith said.

A cold gas range has been the objective of a two-year research project under the A. G. A. Promotion, Advertising and Research (PAR) Plan. Modern gas ranges with different ignition systems have been undergoing field tests in all parts of the country. At the general session on Monday, the respective merits

of electric ignition systems and single point gas ignition systems were presented by two sales experts.

Floyd M. Rosenkrans, The Gas Service Co., Kansas City, told of his company's work in promoting sales of modern gas ranges without constant burning pilots. Coolness was a major factor in the territory served by his company where temperatures frequently register more than a hundred degrees. He pointed out that many gas appliances have electric controls. Starting with 250 ranges equipped with electric ignition for ovens and broilers, put out for field tests more than two years ago, top burner ignition had been developed and perfected. His company now has more than 9,000 gas ranges with complete automatic electric ignition on its lines, and the sale of electric ranges in that territory declined last year, Mr. Rosenkrans said.

Bernard H. Wittman, The Peoples Gas Light and Coke Co., Chicago, explained the reasons behind his company's choice of the single point, flash-tube ignition system for the ranges it was promoting. This system offered the utmost in simplicity for the utility and the customer, he said. Service calls were very infrequent and could be easily handled by gas utility service men. Electric sys-



George D. Wells, The Gas Service Co., '53 Mid-West Regional Gas Sales Council chairman, gave the keynote



Frank C. Smith, president, American Gas Assn., called for all-out support of the Gas Industry Development Plan



Arnold G. Bur, Wisconsin Public Service Corp., chairman-elect for 1954, held the gavel Monday afternoon



Clayton A. Holmes, Natural Gas Pipeline Co. of America, traced the growth of pipelines and storage fields



B. H. Wittman explained The Peoples Gas Light and Coke Company's choice of single-point, flash tube ignition



John J. McKearin, Laclede Gas Co., proved that aggressive utility gas dryer campaigns have paid off



James F. Donnelly, Servel, Inc. and AMA, traced gas refrigerator history, urged capitalizing on advertising



Marjorie Griffen Groll, Topeka, gave pointers on increasing public knowledge and demand for home service



Floyd M. Rosenkrans, The Gas Service Co., told of his company's promotion of ranges with electric ignition



Clifford E. Hall, A. G. A., used a balloon to demonstrate how exaggerated claims of competitors can be exploded

tems were subject to stoppages through power failure and required electrical knowledge on the part of service men, complicating the service problem. Maintenance costs of gas-ignited ranges were less, he stated, and this could prove to be a strong selling point, especially in housing projects, apartments and other multiple unit developments. A single pilot diffuses less heat in a room than a human body, he said. No conclusion was sought in the discussion, as the results of the A. G. A. field tests are published.

Arnold G. Bur, Wisconsin Public Service Corp., chairman-elect of the Council, presided at the Monday afternoon session. C. S. Stackpole, vice-president, Eureka Williams Corp., spoke of the value of old fashioned selling methods. When dealers are utilized, the utilities should help the dealers become outstanding in their communities. He advocated the use of both service and installation meetings to help train dealers in these important phases of appliance merchandising. Both manufacturer and gas utility should do everything possible to bring product knowledge to the dealer, Mr. Stackpole said.

The progress natural gas companies are making toward meeting the ever-increasing demand for natural gas was re-

lated by Clayton E. Holmes, vice-president, Natural Gas Pipeline Co. of America. The natural gas industry spent more than \$3 billion for new construction from 1947 through 1951, and an additional \$5 billion will be spent in the next five years, he said. He told of the work being done by his company and its affiliates to create an artificial storage field for natural gas in Herscher County, Illinois. More than \$17 million has been spent in this experiment, and a total of \$30 million has been allocated to this project.

The time is coming when it will be necessary to sell natural gas again, instead of allocating it, he warned. Space heating salesmen are practically extinct and competitive fuels are doing most of the selling for the gas industry. Such complacency easily can spread to other appliances, Mr. Holmes said, as he urged the creation of space heating sales staffs to be trained now for future selling.

The urgent need for merchandising leadership from utilities and manufacturers was pointed out by Lyle C. Harvey, president, Affiliated Gas Equipment, Inc. This applied not alone to space heating, but to all appliances. He reviewed many of the industry's problems, some of which were self-caused. Most of these problems can be cured by improved util-

ity merchandising, or dealer merchandising, or a combination of both.

Sales of gas in the last decade have nearly doubled, yet there has been only a nominal increase in the sale of gas appliances. Many of these have been sold on price alone, Mr. Harvey said. Many dealers are like vending machines, and the gas industry is not dissatisfied enough, he declared. The industry needs to connect the links of the selling and promotion chain.

John J. McKearin, Laclede Gas Co., St. Louis, and chairman of the A. G. A. Gas Clothes Dryer Committee, presided at a presentation of clothes dryers. He proved that the best results had been achieved in areas where aggressive campaigns had been waged by utilities. Though the seasonal aspects of clothes dryers had been stressed, surveys of users indicated that the labor saving features of the gas clothes dryer proved to be most important in the minds of women.

After a bit of magic offered by Robert C. Sharpe, sales counsellor, a brief resume of the high-lights of gas dryers was presented by individual representatives of seven gas dryer manufacturers. They were John Christensen, Hamilton Manufacturing Co.; Norman Millard, Bendix Home Appliance Sales Corp.;

David Herman, Whirlpool Corp.; Pierre Vinet, Geo. D. Roper Corp.; James M. Flora, Temco, Inc.; Henry K. Straw, Bryant Heater Div., Affiliated Gas Equipment, Inc.; and Dwight Sutherin, Caloric Stove Corporation.

The morning session on Tuesday had Fred W. Dopke, Indiana Gas & Water Co., as the presiding officer. Robert J. Canniff, advertising and sales promotion consultant, outlined the trends in the retail distribution system of the nation as exemplified by super-markets and chain retail outlets. This trend was reflected in the distribution of gas appliances, since it marks a change in the pattern of consumer buying. The effects of planned shopping centers can be offset chiefly by coordinated action by utilities and retail outlets. Consumers today are resentful of high pressure selling, and impulse buying now almost equals planned buying.

The gas industry enjoys no complete brand name lines, while at least six of its electrical competitors can offer complete lines of appliances. Collective co-operative action is badly needed to offset this advantage.

Dealers now sell 76 percent of all ranges, 81 percent of all water heaters, and 52 percent of the refrigerators sold today. Twenty percent of these outlets do 80 percent of the total volume of appliance sales. The dealer must be recognized as a major source of sales, and coordinated team effort is essential for increased gas appliance sales. The Dealer Program of A. G. A. offers a ready method of launching this team-work, Mr. Canniff said. He described the com-

ponent parts of the program, many of which he helped produce.

Over-all promotional programs for the balance of 1953 and the complete program assembled by the A. G. A. Promotional Bureau for 1954, were presented in a graphic style by Clifford E. Hall, A. G. A. promotion manager. He demonstrated effectively how puffed up claims of competitors can be exploded and called upon the sales executives present for their support in the programs arranged by A. G. A. and GAMA.

Inspirational addresses were offered by Dr. William A. Paton, University of Michigan, and Robert F. Hurligh, radio news commentator of Chicago. Dr. Paton decried the "hand-out" habits resulting from policies of the previous administration, and stated that although the last election had created a better climate, nothing would be accomplished until the people quit being dependent upon government. The whole function of marketing flourishes under competition, and when competition dies, the state steps in, he said.

Mr. Hurligh, from a broad background of newspaper and radio work, reviewed present trends of the battle for the minds of people against world communism.

H. D. Valentine, The Peoples Gas Light and Coke Co., coordinator of the Mid-West Sales Conference, presided at the general session on Wednesday morning. His first speaker, James F. Donnelly, vice-president, Servel, Inc., and president, GAMA, traced the history of gas refrigerator sales by his company.

Such sales reached a peak of more than 325,000 units in 1948 and declined to less than 170,000 a year ago. He outlined Servel's new advertising and promotional plans, as evidence his company intended to stay in gas refrigeration.

The new "ice-maker" has received millions of dollars worth of publicity he declared. Over the years, more than four million gas refrigerators had been installed on gas utility lines, Mr. Donnelly said. Engineers estimated that over three million gas refrigerators were still operating today. These customers belong to the gas industry, he said, and it would be a sad commentary on the industry if these millions should convert to electric refrigeration. His company will devote millions of dollars to national magazine and local newspaper advertising this year. After many years of brand name advertising, the name of Servel is known to the public. Now is the time for the gas industry to capitalize on past and present advertising. With the newest in refrigeration to offer, the industry should move on to new peaks, he declared.

The important role played by home service representatives in the promotion of gas appliances was stressed by Marjorie Griffen Groll, home economist and newspaper columnist from Topeka. She advised home service representatives on how to work with editors and how to inform the public that home service girls are available to bring material and help to consumers.

Through the courtesy of the gas appliance manufacturers, delegates enjoyed an outstanding dinner and entertainment on Tuesday evening.

Urge greater industry promotional unity

Dealers—as well as consumers—have to be convinced by all-out gas industry salesmanship. Thus went the keynote of the Eastern Natural Gas Regional Sales Conference, sponsored by the A. G. A. Residential Gas Section. More than 200 utility and gas appliance manufacturers sales executives and representatives attended this 24th annual conference, May 4-5, Hotel William Penn, Pittsburgh.

Greater industry unity to meet a strong enemy in the competitive battle of fuels was urged by conference chairman Howard B. Yost, sales engineer, Hope Natural Gas Co., Clarksburg, W. Va. He observed that the struggle centered on building the kitchen load. Con-

tinuing promotion and good service, he stated, will sell new gas appliances now and assure the ultimate replacement of obsolete appliances while continually increasing the gas load.

Salesmen were urged by Frank C. Smith, president of both A. G. A. and Houston Natural Gas Corp., to beat back growing opposition and encroachment in sales of ranges, refrigerators and water heaters. "Sell or Shivel," he called out to the audience of salesmen because they are "nearest to the click of the meter and the rattle of the cash drawer." To boost gas and gas appliance sales further, Mr. Smith asked for support of the A. G. A.-GAMA Gas Industry Development Plan

for coordinated action by utilities and manufacturers.

Moreover, he called for upgrading of low-cost, low-profit gas appliances lest "our markets contract—and we shrivel." Here again Mr. Smith reviewed the industry-wide joint plan which includes such factors as brand name gas appliance advertising of higher-priced models, particularly ranges—more and better outlets manned by well-trained salesmen, along with more and better dealer outlets. He urged regaining the new home and replacement market. Above all, he exhorted salesmen not to be satisfied with defending markets but to seize the offensive in the sales arena.

Manufacturers and utilities were initiated into "Taking A New Look" at the invitation of Lyle C. Harvey, president and general manager, Affiliated Gas Equipment, Inc., Cleveland. Selling an appliance, he pointed out, is the other side of making an appliance. To accomplish sales he spoke of: direct utility merchandising, dealer cooperation, or a combination of both means. "What we need," he continued, "is more effective selling at the sales point. We need better merchandising, even to hold our own." He likened the situation to tearing down the house that Jack built. "The lower the price, the less the sales effort, and the lower we sink in the competitive sales battle."

He further commented on space heating which has helped boost the gas load with a minimum of promotion. However, Mr. Harvey pointed out that the magnitude of the winter seasonal demand for gas presents a problem. He stressed the mutual advantage for utilities to notify dealers, local manufacturers and customers of space heat restrictions and changes. "Despite heating restrictions," he recommended selling other gas appliances. Along these lines, he urged more attention be devoted to convincing home builders of gas advantages.

"Dissatisfied?" asked Hansell Hillyer, investment banker who now is president and general manager of South Atlantic Gas Co., Savannah. "Why, I'm dissatisfied enough for several of us. Why, gentlemen, I've been plunging about for five years like a bull in a china shop. We've got to fight back with advertising, promotion and sales forces." Such activity, he confessed, may have prepared him to deliver his talk, "Building The Base Load," which he described as "my number one headache!"

He admitted he originally had "mistaken a bullish market for genius." However, through hard experience, he and his associates have built up the base load by selling more appliances faster than they can become obsolete. He estimated 50,000 appliances are on his company's lines, and an additional 5,000 replacements are being made annually. "Our annual send-out peaks are up, while our summer base load is making fractional gains," he stated.

Competition must be anticipated and overcome, all along the line from appliance to service, said R. E. Williams, district manager, Binghampton (N. Y.) Gas Works. "Failures and lack of cus-



The initial session of Eastern Natural Gas Regional Sales Conference, Pittsburgh, was highlighted with talks presented by Frank C. Smith, president of A. G. A., Houston; Lyle C. Harvey, Cleveland; Howard B. Yost, Clarksburg, W. Va., who served as first-day chairman; Hansell Hillyer, Savannah



The three other key speakers of the first-day agenda pause between hard-selling sales talks. Seen are: Frank McFerran, Pittsburgh; Don H. Davidson, St. Joseph, Mich.; and Al Lee, Evansville



Five sales-booster, among those who discussed "Seven Keys to Progress," seen standing before the citadel of sales, include: J. A. Gilbreath, Evansville; H. V. Potter, A. G. A.; J. G. Berwanger, Columbus, Ohio, second-day sessions chairman; J. G. Dierkes, Cairo, Ill.; and C. C. Owen, Toledo



Seven lovely young home service representatives of three Pittsburgh-area gas companies hold the "Seven Keys to Progress." They, and their keys, were parts of a dramatic presentation of the available gas sales potentials



A smiling trio at the conference were James E. Cook, Mt. Vernon, N. Y., R. E. Williams, Binghamton, N. Y., and Frank Williams, secretary, A. G. A. Residential Gas Section

tomer service," he stressed, "may determine the success or failure" of appliance and load-building promotions. Service still is foremost, he maintained, because customers are being sold more gadgets. He appreciated that such service must be kept on despite higher operating costs.

A four-point program by Mr. Williams included: 1. making customers more conscious of the good quality of gas ranges; 2. providing prompt and efficient utility handling of leakages, outages and other emergency calls; 3. inspecting all installations because a gas appliance really is not sold until it is working to the consumer's satisfaction, and 4. informing customers in advance of services, adjustments or related changes—which should be featured prominently in all promotions. "We must develop the customer's welfare—for our own future," he added.

As new home-building goes, so go replacement and rehabilitation sales of gas appliances for older homes, stated James E. Cook, manager, utilization division, Consolidated Edison Co. of N. Y., Inc., Mt. Vernon, N. Y., in introducing his subject, "Selling The New-Home Market." All of the new and old homes offered opportunities for selling modern gas appliances now for building greater base loads in the future, he went on. As house-heating goes, Mr. Cook advised, so go the gas cooking and water heating loads.

In part, he said, those sales will be achieved through A. G. A. campaigns designed and devoted to home builders, gas utilities and the general upgrading of gas appliances. More closely dovetailed work with builders to convince them of the merits of gas fuel and gas appliances,

he warned, would be profitable before and not after homes are built. He called for continual upgrading of quality and price of all gas appliances. He further suggested a standardized five-year warranty on gas heaters, particularly for homes which have a 20-year roof and mortgage but only a one-year gas water heater warranty.

Since much of the building dollar is spent through or influenced by architects, Mr. Cook emphasized the need for gas utilities to work with these planners as well as with contractors. He stressed: 1. assigning special personnel to work with architects and builders; 2. joining and participating actively in local architects' and builders' associations; 3. offering kitchen and laundry planning aids; 4. providing A. G. A. literature and building data sheets; 5. reading architecture, construction and general women's and shelter publications; 6. sending courtesy subscriptions to local architects and builders; 7. advertising cooperatively with builders; 8. participating in model homes thus telling the gas appliance story with builder cooperation; 9. encouraging gas appliance manufacturers to sell directly to builders of developments, and 10. up-grading appliances.

Gas has *only* seven basic uses to sell, stated the chairman of the second day sessions, Joseph G. Berwanger, business promotion manager, The Ohio Fuel Gas Co., Columbus. Of these, he hailed the three newest uses—air conditioning, clothes drying and gas incineration. Then he hailed the four other uses of gas for refrigeration, house heating, water heating, and cooking.

Seven speakers who reviewed these "Seven Keys to Progress" were intro-

duced by H. Vinton Potter, A. G. A. coordinator of advertising and promotion. "If we are to stay big," he counseled, "we must think big and act big." Toward that end he urged capitalizing on the gas industry's natural advantages: 1. a fuel that is quick, economical, dependable and adaptable; 2. a utility industry able to unite for action, coordinated through a single agency in the form of A. G. A. which has a Promotion Advertising Research Plan and other programs; 3. a fast-growing liquefied petroleum gas industry protecting our flanks from being monopolized by competitors, and 4. the great impetus achieved through the spectacular growth in the use of natural gas.

As Mr. Potter spoke, the stage curtains behind him parted to reveal a stone castle with arched wall and wooden gates topped with the word: "Sales." After each introduction a bevy of lovely young home service representatives of three Pittsburgh gas companies—Equitable, Manufacturers Light and Heat, and Peoples—touched a key to unlock the gates and out walked each speaker.

Low installation cost and simple operation of automatic gas-fired incinerators both contribute to building all-year gas loads, said the first key speaker, J. G. Dierkes, president, Bowser, Inc., Cairo, Ill. He foresaw greater sales in the offing for the improved modern versions of gas incinerators which now are helping to pace gas appliance sales, although they originally were introduced about 25 or 30 years ago. Such sales hit a new high last year, encouraged by incinerator-conscious companies in cities including Cincinnati, Detroit and others, as well as by campaigns of manufacturers and the

A. G. A. each spring.

Air conditioning, originally a home luxury, today offers a real volume market as basic as house heating, said the second key speaker John A. Gilbreath, assistant vice-president of air conditioning, Servel, Inc., Evansville, Indiana. He felt that the basic need of summer cooling to complement winter heating would strongly help promote all-year-around gas appliance sales and build gas loads.

Although its competitors are divided, he said the gas industry can work together. He cited air conditioning as the means of providing a complete line of competitive products for all markets.

Three basic gas industry needs, further outlined by Mr. Gilbreath comprised: 1. adequate and continuing gas supply to tie-in summer cooling and winter heat; 2. better understanding of gas air conditioning costs and operation by builders, utilities and salesmen, and 3. fully developed and coordinated sales effort. This year, he added, Servel will spend \$500,000 to advertise gas air conditioning.

Originally labeled an "impossible dream," gas house heating today is a lucrative big load builder, said the third key speaker, C. C. Owen, sales promotion manager, Surface Combustion Corp.,

Toledo. Gas should be merchandised regardless of supply, he insisted. The more gas house heating is merchandised, he went on, the better the gas load will be built up generally. He particularly urged utilities to keep dealers posted on gas supply situations "lest they sell gas heat appliances for which there are no gas supplies." His talk filled in some of the background on the growth of saturation of gas heated homes from 15.5 percent in 1950 to 35.5 percent, according to the U. S. Census of 1950.

Fourth key speaker was Frank McFerran, general sales manager, Ruud
(Continued on page 47)

A.G.A. president to be featured NY-NJ speaker

A star-studded program featuring nationally known speakers from within and outside of the gas industry, has been organized for the annual New York-New Jersey Regional Gas Sales Conference, Monmouth Hotel, Spring Lake Beach, New Jersey, June 29-30, 1953.

The morning session, June 29, will be under the direction of Hugh L. Wathen, general sales manager, South Jersey Gas Co., Atlantic City, and chairman of the New York-New Jersey Regional Gas Sales Council. Frank C. Smith, president of A. G. A. and of the Houston Natural Gas Corp., is to be the featured speaker at that session. Mr. Smith will present his analysis of some of the major sales problems now confronting the industry.

James F. Donnelly, vice-president in charge of sales, Servel, Inc., Evansville, Ind., will deliver an address devoted to the merits and advantages of the gas refrigerator, and how to promote and sell it. The title of Mr. Donnelly's paper is, "Now Is The Time."

"Operation Dealer Sales" is the provocative title of an address to be presented by W. Q. Kringle, supervisor, dealer sales and promotion, Southern California Gas Co., Los Angeles. Mr. Kringle's company has established an enviable record in the sale of modern gas appliances exclusively through dealers. He will give the step-by-step details and techniques used by his company in effective sales-making dealer program.

The guest speaker on Monday's program will be Edward McFaul of Chicago. Mr. McFaul, nationally-known for his humor and his ability to get across a sales message to his audience, will de-



Hugh L. Wathen, left South Jersey Gas Co., chairman of the New York-New Jersey Regional Gas Sales Council, will preside at the opening session, while John B. Frost, The Brooklyn (N. Y.) Union Gas Co., council vice-chairman, will lead the Tuesday morning meeting



velop the theme, "So You Think You're Slipping?"

John B. Frost, assistant sales manager, The Brooklyn (N. Y.) Union Gas Co., vice-chairman of the Council, is to preside at the morning session, Tuesday, June 30th. Following his opening remarks, the first speaker will be Hansell Hillyer, president, South Atlantic Gas Co., Savannah, who will describe the experience of his company in promoting the sale of residential gas services to the customer.

A skit on automatic gas water heating entitled "Why Compare?" is to be presented by the Ruud Manufacturing Co., Pittsburgh. The advantages and promotion of this lucrative service will be dramatized.

"Razors, Radios and Ranges" is the title of a presentation by B. B. Turner, sales manager, range division of the Maytag Co., Newton, Iowa. His paper will be devoted to ways and means of

promoting the increased acceptance of the modern gas range.

Nationally known Gene Flack, director of advertising and sales counsel, Sunshine Biscuit Co., Long Island City, N. Y., will conclude Tuesday's session with an inspiring address entitled, "Sales Ahead!" His talk is designed to build your interest and enthusiasm in your own sales efforts.

Other features of the conference will be the "Friendship Room" provided each evening by the gas appliance manufacturers, under the direction of James Connors, Roberts-Gordon Appliance Corp., Brooklyn, N. Y. The annual conference golf tournament will be held on Tuesday, June 30th and attractive prizes for both golfers and non-golfers will be available.

Advance announcements will be mailed to all gas utility companies and gas appliance manufacturers in the New York-New Jersey area early in June.

Industry news

SGA names new officers at annual convention

AT THE SOUTHERN GAS Association's 45th annual convention, H. K. Griffin was elected SGA president. The convention was held in New Orleans from May 11 to 13.

Mr. Griffin, vice-president of the Mississippi Valley Gas Co., Meridian, Miss., succeeds John H. Wimberly, vice-president, Houston Natural Gas Corporation.

The three-day gathering attracted an official attendance of 1,686. Senator George A. Smathers of Florida and Frank C. Smith, president of Houston Natural Gas Corp. and of American Gas Association, were the most prominent names in the list of notable speakers lined up by General Convention Chairman Charles F. Stubbs, Alabama Gas Corp., Birmingham.

Two honorary awards for outstanding service to the gas industry in the South and Southwest were presented. Mr. Wimberly was recognized for his year's service as president of SGA, and C. H. Zachry, president of Southern Union Gas Co., Dallas, received an award for his outstanding job as chairman of the Association's Advisory Council.

Besides Mr. Griffin, other new officers are: First vice-president, C. I. Wall, West Texas Gas Co., Lubbock.

Second vice-president, J. H. Collins, Sr., New Orleans Public Service Inc.

Treasurer, H. V. McConkey, Southern Union Gas Co., Dallas.

Secretary, Earl J. Newlin, State Fuel Supply Co., Oklahoma City; assistant secretary, Kyle H. Turner of Atlanta Gas Light Co., Atlanta.

Advisory Council chairman, John C. Flanagan of United Gas Corp., Houston; vice-chairman, Hansell Hillyer of South Atlantic Gas Co., Savannah.

Directors, full term: Carl E. Cloud, Mid-South Gas Co., Little Rock; C. L. Perkins, El Paso Natural Gas Co., El Paso; Charles K. Oxford, Gas Light Co. of Columbus, Ga.; James A. Davis, Empire Southern Gas Co., Fort Worth; E. C. Hotze, Clark Bros. Co., a division of Dresser Operations Inc., Tulsa. Director, two-year unexpired term: B. G. Duncan, Piedmont Natural Gas Co., Inc., Charlotte, N. C.

Senator Smathers, in his address to the general session, praised the states' tidelands victory as a significant de-emphasis of the federal government and a re-emphasis of state government. He also praised the Senate's right of unlimited debate, saying "Had there been unlimited debate in Germany and Italy, there might never have been a second World War. History reveals that good legislation has never been stopped by a filibuster, while bad legislation has."

Another general session speaker was Dr. Alfred P. Haake, mayor of Park Ridge, Ill., and a consultant for General Motors. Dr. Haake debunked talk of the welfare state by going back to cave-man days to show how the profit motive was responsible for civilization. Take profit away, he warned, and we'll wind up with the hand-to-mouth living that the primitive savage had.

A notable feature of the program was a movie premiere, *Natural Gas*, SGA's own color film that tells the story behind the gas meter. R. A. Puryear, Jr. of Alabama Gas Corp., Birmingham, told how his committee had worked to make the movie possible.

A. G. A. President Frank Smith, in one of

the keynote talks, pleaded for a united industry in which manufacturer, producer and transporter would join in a nationwide sales and service program to increase the market for natural gas and gas appliances.

Mr. Wimberly's presidential address urged the industry to build up its basic market, the home. And he, like Mr. Smith, told all segments concerned that they must "get on the team" for united action. A potent suggestion put forth by Mr. Wimberly was that a nationwide financing plan be set up whereby the gas company would take over an account after a dealer had sold an appliance and add installment payments to the customer's monthly bill.

Paul Kayser, president of El Paso Natural Gas Co., Houston, showed how the oil and gas industries are interlocked, and cautioned them to work for an increase in the low level of field prices always with the best interests of the public in mind.

Robert R. Suttle, managing director of SGA, reported that the association is now the largest regional group in the nation, but he characterized this growth as a by-product rather than a goal. He said SGA will keep its program aimed at the small gathering, the round table conferences, where attendance is kept small so everyone can have his say.

In addition, each SGA section had specialized meetings. The meetings and their chairmen were: accounting, Louis G. James, Lone Star Gas Co., Dallas; accident prevention, E. E. Edmondson, Jr., Texas Eastern Transmission Corp., Shreveport; distribution, R. A. Metzke, United Gas Corp., New Braunfels, Texas. Also, employee relations, H. M. Rogers, Texas Eastern Transmission Corp., Shreveport; sales, J. W. Lea, Atlanta Gas Light Co.; industrial sales, Orbie Bostwick, Atlantic Gas Light Co.; residential sales, J. H. Chenery, Alabama Gas Corp.; transmission, C. L. Perkins, El Paso Natural Gas Corporation.

The SGA chose Houston for its 1954 convention, setting the dates as April 26-27-28 and naming Curtis M. Smith, vice-president of Tennessee Gas Transmission Co., Houston, as general convention chairman.

Combined gas exhibit leads New England exposition



One of the interesting exhibits at New England Hotel and Restaurant Exposition in Boston's Hotel Statler on April 29, 30 and May 1. Gas utilities and manufacturers presented show's biggest exhibit

NEW ENGLAND'S 28th annual Hotel and Restaurant Exposition was held in Boston on April 29, 30 and May 1. Once again, New England gas companies, in cooperation with manufacturers, presented the largest exhibit.

The attendance was greater this year than ever before. It was a "buyers' show," with all exhibitors reporting sales. Many schools, specializing in hotel and restaurant training, tied in class work with a day at the show.

The commercial cooking equipment manufacturers showed many new developments, including a five-minute pizza oven; two temperature volume water heater; a fryer with greater speed and new finish; new combination equipment for the small restaurant; attractive new finishes for heavy duty equipment.

The Massachusetts cooperating gas companies acted as coordinators of the annual exhibition. Philip A. Nelles, Jr., industrial gas engineer, Malden and Melrose Gas Light Co., show chairman, was assisted by Walter S. Anderson, Boston Consolidated Gas Co. and John A. Chella, Cambridge Gas Company.

Meet for utility workshop

TWENTY-FIVE EXECUTIVES from water, gas, electric, and telephone companies operating throughout the country met during May at Columbia University's Arden House campus, Harriman, N. Y., for the 1952 Utility Management Workshop.

Together with staff members of the university's department of industrial engineering and visiting experts, the workshop members tackled problems and methods of executive training in their respective companies during the intensive two-week program.

Like the first Utility Management Workshop, which was held last year in response to many requests from the industry, the 1953 workshop was sponsored by Columbia's Department of Industrial Engineering. Two major subjects were considered: "Individual characteristics required in an executive job," and "How to discover and develop these characteristics."

Visiting experts at the workshop included John Foley, Psychological Corp.; Alexander Magoun, consultant; Earl Planty, Johnson and Johnson; F. O. Rouse, Commonwealth Services, Inc.; Fred Rudge, management consultant; Professor Erwin Schell, Massachusetts Institute of Technology.

Also Harold Smiddy, General Electric Co.; and F. E. Verdin, Cleveland Illuminating Company.

The program, developed with the assistance of an informal committee representing the utility industry, was planned to meet the needs of utility executives being considered for promotion; those who are already in executive development programs, and those responsible for the operation of executive development programs.

Utility opens new office

IT WAS a big day in Jackson, when the Mississippi Valley Gas Co. celebrated the opening of its new headquarters recently. More than 5,000 townspeople visited the building, one of the South's most modern utility headquarters, during an all-day open house.

The remodeled, renovated structure at 711 West Capitol Street, is the hub of the utility company's state-wide system, and houses the entire district office. The building represents an investment of \$400,000, and is completely air conditioned with automatic gas equipment.

During the open house, a few lucky visitors were awarded a new automatic gas range, a gas clothes dryer, a turkey and a ham.

Officers and directors of Valley Gas are Minor C. Summers, president and treasurer; Tom W. Crockett, executive vice-president; and F. M. Featherstone, Jr., secretary and assistant treasurer.

Chambers distributor sponsors TV cooking program

SPONSORSHIP of television's "Beulah Karney Show" has been announced by Chambers Illinois Corp., as a major phase of its Chicago promotional program. The firm is distributor for Chambers Corp., Shelbyville, Ind., gas range manufacturer.

The studio kitchen in which Miss Karney's show originates contains a Chambers gas con-

Indiana association names leaders



Officers elected at 43rd annual convention of Indiana Gas Association, French Lick, April 23-24, are, left to right: Edward M. Hahn, Kokomo, retiring president; J. C. Sackman, Hammond, president; E. G. Peabody, Indianapolis, vice-president; and V. C. Seiter, also Indianapolis, secretary-treasurer

Home economists confer in Hartford



More than 170 home economists meet at the Hartford Gas Co.'s Home Economics Conference. At the head table: Dr. Elizabeth May, University of Connecticut; Norman B. Bertolette, The Hartford Gas Co.; Dr. Anna Light, University of New Hampshire; Mrs. Arva Sutton Mixer, The Hartford Gas Co.; Joseph Nerden, State Department of Education; Miss Thames, University of New Hampshire; Anne Murphy, St. Joseph College; Janet Sturner, VNA; Mrs. Joseph Nerden; Marion Arnold, Connecticut Dairy and Food Council; Howard Carlson, The Hartford Gas Co.; Mrs. Lola Janis, Hartford Home Economics Club; Dr. Margaret Cheney, Connecticut College; Mrs. Elizabeth Farnham, Hartford Nutrition Committee; Mrs. Edith Cushman and Ruth Cowles, both from Connecticut State Department of Education

sole range, a stainless steel In-a-Top broiler-burner unit and a separate built-in In-a-Wall oven which furnish auxiliary cooking facilities.

Theme of the program every other Monday is foreign foods, while each Wednesday, a thrifty "meal of the week" is featured, with a complete menu given and total cost of the

food itemized. Friday programs are devoted to party themes, using foods for various types of entertaining.

Various selling features of the Chambers equipment, in which all foods are prepared, are demonstrated on the TV screen, with emphasis given to "cooking with the gas turned off."

Wisconsin association elects Donald president

GEORGE A. DONALD, Ashland, president and general manager of the Lake Superior District Power Co., has been elected president of the Wisconsin Utilities Association, succeeding Theron A. Brown of Madison Gas & Electric Company.

Harold P. Taylor, vice-president and treasurer, Wisconsin Public Service Corp., Milwaukee, was installed as vice-president, succeeding Mr. Donald.

Harold P. Chamberlin, assistant secretary and assistant treasurer, Wisconsin Electric Power Co., Milwaukee, was re-named treasurer.

The new officers were elected by the association's membership through mail ballots, and were installed on May 15 in Milwaukee.

President-elect Donald is a graduate of the University of Minnesota. He joined the Lake Superior District Power Co. as a storekeeper in 1920, and served in various capacities until his election to the presidency of LSDP in 1951.

In addition to his utility activities, he is now serving on the board of directors of the Wisconsin State Chamber of Commerce, and North Wisconsin Manufacturers Association.

Retiring President Brown, in reviewing association activities during his one-year term, reported that 20 electric, gas, transportation and pipeline companies and 520 individual past and present employees of those companies maintained association memberships, together with 110 associate member companies representing manufacturers, service firms and distributors of electric and gas appliances. During the past year Brown reported that 50 committees functioned for the engineering, sales, accounting and general sections of the association.

Personal and otherwise

Tallant now vice-president

RALPH K. TALLANT, formerly superintendent of operations, Alabama-Tennessee Natural Gas Co., Florence, Ala., is now vice-president in charge of operations.

Prior to 1951, when Mr. Tallant joined the company, he served the Petroleum Administration for Defense.

He has been active in the natural gas industry since 1915, when he began work with Cities Service Co., Bartlesville, Oklahoma. In addition, he has worked with the Susquehanna Gas Co., Wellsboro, Pa., and has performed a number of special assignments for other companies.

He is a member of A. G. A.

Walker named president of Transcontinental

TOM P. WALKER has been elected director and president of Transcontinental Gas Pipe Line Corp., Houston. He returns to Texas and to the public utility business after seven years service as vice-president of the Irving Trust Co., New York. Before his banking association, he had been president of Gulf States Utilities Co., Beaumont, for 12 years.

To take his new position, Mr. Walker resigned as vice-president of Irving Trust where he had been in charge of the bank's utility

department dealing with loans and financing programs.

During his career Mr. Walker, a graduate engineer, has served the Haverhill Gas Light Co., Baton Rouge Electric and Gas Co., El Paso Electric Co. and Virginia Electric and Power Company.

Mr. Walker is a member of American Gas Association and was a featured General Sessions speaker during the 1952 American Gas Association Annual Convention in Atlantic City.

Minneapolis ups Eck, Lucas and Johnson

LESTER J. ECK, vice-president and assistant general manager, has been elected general manager of the Minneapolis Gas Company.

At the same time, Kenneth B. Lucas, manager of the suburban division and George B. Johnson, manager of customer service, were elected vice-presidents.

Mr. Eck, a graduate in chemical engineering from the University of Minnesota, joined the company in 1924 as chief chemist. He was made plant superintendent in 1925 and has been vice-president and assistant general manager for the past seven years.

Mr. Lucas is a graduate of the Massachusetts Institute of Technology. He began work

with the Savannah (Ga.) Gas Co. in 1933 and joined the Minneapolis utility in 1937 as manager of the suburban division, the post he held at the time of his recent promotion.

Mr. Johnson is a chemical engineering graduate of the University of Minnesota.

All three men are A. G. A. members.



Lester Eck

Honor Smith's service to Cancer Society



Frank C. Smith, president of Houston Natural Gas Corp. and A. G. A., receives award for outstanding service to American Cancer Society

FRANK C. SMITH, president of Houston (Texas) Natural Gas Corp. and the American Gas Association, was honored recently by the American Cancer Society at a quarterly board meeting in Houston. Texas Governor Walter J. Kohler, chairman of the ACS board of directors, presented Mr. Smith with an award in recognition of his service to the organization. After the presentation, Mr. Smith, who served as ACS Texas division president from 1946 to 1952, was elected chairman of the division's board of directors.

Governor Kohler cited that, under Mr. Smith's guidance, "the Texas division has grown from a handful of working volunteers to an effective force of thousands, and the fund-raising potential of the American Cancer Society has increased to a record figure."

"During the term of his state-wide leadership he never lost sight of the fact that cancer is a local problem to be dealt with on the local level . . . and has always been active in . . . Houston and Harris County."

Davis joins Miami utility

CHARLES W. DAVIS has been appointed plant superintendent for Peoples Water and Gas Co., North Miami, Florida.

Mr. Davis, at 33, is one of the youngest superintendents in the South. He completed his undergraduate studies at Washington and Lee University and did graduate work at Columbia University and Newark College of Engineering, Rutgers University. Before his Florida appointment, he was employed in a like capacity in Montreal, Canada.

General Gas elects two

H. E. KIRKPATRICK and Joe E. Ketner have been elected to the board of directors, General Gas Corp., Baton Rouge, Louisiana.

Mr. Kirkpatrick serves as executive vice-president and Mr. Ketner is vice-president for sales of Delta Tank Manufacturing Co., Inc., a major General Gas Corp. subsidiary.



Cameron Cardoza Barr

assistant general superintendent-gas, Consolidated Gas Electric Light and Power Co. of Baltimore, died suddenly on May 11, at his home in Lutherville, Maryland. Mr. Barr was born in 1903. He attended Swarthmore Prep School and later graduated from Swarthmore College in 1925 with a degree in mechanical engineering.

Mr. Barr was employed by the Baltimore utility in 1929 and was promoted to his present position in 1951. During the war, he obtained a leave of absence from the company and served in the United States in the Army Engineers with the rank of major.

Mr. Barr was a member of American Gas Association.

He is survived by his wife, Ann, and son, Cameron, Jr. who is now stationed in Korea. He is survived also by his mother and father, Mr. and Mrs. Harry C. Barr of Swarthmore, Pa.; a sister, Mrs. John Napvig; and one brother, George Ray Barr of Downingtown, Pennsylvania.

William R. Teller

director of research and engineering, Bryant Heater Corp., died at the age of 48 in Cleveland on May 2. Mr. Teller, widely known in the gas research and testing field, had served the American Gas Association Laboratories from 1930 to 1944. During World War II, he was in charge of the Laboratories war products department, and when he left, he was serving as the organization's assistant director.

Mr. Teller, at the time of his death, was a member of the A. G. A. Committee on Domestic Gas Research. He was also a registered professional engineer in Ohio, a member of the American Society of Mechanical Engineers

and the American Society of Heating and Ventilating Engineers.

Mr. Teller is survived by his widow, Mrs. Marie Maxted Teller; a daughter; a son; and one grandchild.

Glenn T. Thompson

manager of the market analysis department, Norge division, Borg-Warner Corp., died May 3 in Chicago after a long illness. He was 44 years old.

Mr. Thompson held his position from the time he joined Norge in June, 1950. Prior to that he was with the market research department of Hotpoint.

Mr. Thompson was a member of the National Electric Manufacturers Association, Gas Appliance Manufacturers Association, Institute of Cooking and Heating Appliance Manufacturers, and American Home Laundry Manufacturers Association.

He attended Moiton Junior College and Lewis Institute.

Surviving Mr. Thompson are his widow, Lillian, and two sons, Glenn Jr. and Russell.

PUAA

(Continued from page 20)

Principal speaker at the second day's luncheon was James F. Oates, Jr., chairman, The Peoples Gas Light and Coke Co., Chicago, and chairman, A. G. A. PAR Committee, who gave a dynamic exposition of the fundamentals of good utility public relations. Mr. Oates, who was introduced by Robert W. Otto, president, Laclede Gas Co., said there is no patent formula to maintain good public relations. It is a continuous, changing process dealing with human feelings and frustrations, which must be approached with a sound business philosophy. This means, Mr. Oates continued, a company must know and tell the facts about its business, and it must have a basic creed of high moral standards. He noted five points common in the public relations problems of all utilities:

1. Their business is affected with a public interest and therefore regulated.
2. They serve the daily human needs of millions of people.
3. Their service is in great demand and cannot be denied indefinitely to any part of the public.
4. Their service is competitive.
5. They must render honest, efficient and adequate service—and the public must regard it as such.

The existence of competition, Mr. Oates declared, is the most important single factor in the enterprise system. It is imperative, he pointed out, that the American citizen has a choice of service or of product.

Turning to the proposed A. G. A. program, Mr. Oates said "the gas industry must have a public relations program. Its growth, future and survival depend upon it." He then outlined and commented upon the nine points set forth in the program now under consideration by the gas utility industry.

Other speakers who touched on various aspects of public relations practices and problems were: William G. Werner, president, Public Relations Society of America; Robert M. Feemster, *Wall Street Journal*; John Fistere, *Fortune Magazine*; and Richard Baumhorf, *St. Louis Post-Dispatch*. Mr. Werner called the ingredients of public relations basically the simple application of "golden rule."

A revolution in selling is taking place according to William A. Blees, Crosley Division, Avco Manufacturing Corp., who opened the Thursday afternoon session. He predicted a large exodus of appliance dealers due to lack of sales turnover.

Harold S. Barnes, American Newspaper Publishing Association, told the conference that newspaper advertising has a timeliness and urgency all too often lacking in other media. Most people today read the newspaper, he added, "because it is the only communications medium tailored to the hometown community."

At the same session, George Staub, Outdoor Advertising, Inc., illustrated things to avoid in preparing a 24-sheet poster. Another speaker, Glenn A. Green, Harding College, traced the pat-

tern of socialization with the aid of screen projections.

Prior to the public relations features on Friday, Robert Bridges, chairman, PUAA advertising cost survey, reported on the annual fact finding study of his group. According to this survey, which will be presented in detail to members, the average cost of advertising was up 10 percent in 1952 over 1951.

The final session of the convention was devoted to a business meeting and to presentation of awards to winners of the Better Copy Contest. James V. McDonald, Boston Edison Co., chairman, Better Copy Contest Committee, made the presentations. Gas utility and combination company first prize winners in the contest, which is divided into large, medium and small companies, are as follows:

Complete programs—The Cincinnati Gas & Electric Co.; series of newspaper public relations advertisements—Philadelphia Electric Co., Arizona Public Service Co. and Mississippi Valley Gas Co.; single newspaper advertisement—Northern States Power Co. and Wisconsin Power & Light Co.; employee newspapers—Consumers Power Co., Arizona Public Service Co. and Central Hudson Gas & Electric Corp.; direct mail pieces—Consolidated Gas Electric Light & Power Co. of Baltimore, and Portland Gas & Coke Co.; single booklet or pamphlet—The Cincinnati Gas & Electric Co. and The Dayton Power & Light Company.

Also, printed dealer promotion ma-

terial—The East Ohio Gas Co., New Orleans Public Service, Inc., and Central Hudson Gas & Electric Corp.; employee literature—Consolidated Edison Co. of N. Y., Inc.; window display—The Cincinnati Gas & Electric Co. and Southwestern Public Service Co.; interior display—The Cincinnati Gas & Electric Co.; car cards and posters—Portland Gas & Coke Co.; outdoor advertising—Public Service of Northern Illinois, Laclede Gas Co. and Chattanooga Gas Co.; annual report—Niagara Mohawk Power

Corp. and The Connecticut Light & Power Co.; radio advertising—The East Ohio Gas Co.; motion pictures—The Columbia Gas System, Inc.; television—The Ohio Fuel Gas Co.; single newspaper advertisement, gas promotion—Southern California Gas Co., The Peoples Natural Gas Co. and Arkansas Louisiana Gas Co.; single newspaper advertisement, gas merchandise—The Brooklyn Union Gas Co., Equitable Gas Co. and Portland Gas & Coke Company.

An interesting sidelight of the conven-

tion was publication of a special issue of *The Wall Street Journal* devoted exclusively to news, historical background, and utility advertising of PUAA. Entertainment features included a show, dinner and prizes donated by Crosley, refreshments contributed by Bozell & Jacobs, Inc., and Reddy Kilowatt, and luncheon presented by Laclede Gas Company.

The next annual convention of PUAA will be held in Boston at a date to be announced.

Selecting engineers

(Continued from page 14)

that they employ engineering personnel. It might well be that such exchanges would cause a certain amount of temporary inefficiency for short periods as changes occurred. However, temporary losses in efficiency would be more than offset by gains in flexibility on the part of engineers, and by advantages in the way of improved interrelationships in the operation of the various units of the company.

The final step in this program, step four, would be in the form of an executive development program for a selected group of engineers who had demonstrated unusual promise for advancement to middle and top management jobs. This might well be limited to men who had had a minimum of fifteen years of service. Job rotation would be a feature of step three in the proposed program. However, it would be job rotation of an entirely different order involving a series of assignments to supervisory jobs in non-engineering as well as engineering activities. In a large sense, this might be considered as an analogue of the job rotation program which has been successfully employed by the Consolidated Edison Co. of New York, Inc.

The ideal program which I have described is not one which is operating in its entirety in the Philadelphia Electric Company. In some respects, the four point program embodies the views of a specialist who may have perhaps allowed an academic frame of reference to draw him away from the practicalities of the situation. However, it is my feeling that this is both a practical as well as a theoretically sound program for the initial training and for the development of engineers at all levels.

A systematic program of training and development, such as that described

above, can yield maximum returns only if it is restricted to engineers who are fully utilizing their time on engineering work. From recent reports^{13, 15}, it appears this is not true in the case of an appreciable proportion of engineers. There is growing opinion that many engineers are devoting a portion of their time—sometimes a considerable portion of their time—to duties which can be adequately performed by less capable and less skilled people. Under such conditions, no combination of improved selection methods and improved training methods will fully solve the problem created by the current shortage of engineers. There is need, in addition, for an analysis of what engineers actually do and for a subsequent re-engineering of the engineering job. This approach involves a consideration of:

1. the possibility of de-skilling present engineering jobs by breaking down engineering positions into several simplified functions which can be handled by technically trained workers who are not engineering school graduates;

2. the possibility of taking advantage of existing programs of secondary school technical training or enlisting the cooperation of secondary schools in developing a program of preparing competent young people to handle such lower-level technical jobs;

3. the development of in-company training which will offer possibilities for upgrading competent young people in the organization to handle such jobs.

According to a recent report in *Modern Industry*, "wise companies are depending less on recruiting (from a manpower market that hardly exists) to ease the engineer shortage. They're freeing their own engineers from details, improving communications, taking every step to increase individual productivity."¹⁵ Here is a program which will contribute to the satisfaction of present em-

ployees at the same time that it helps the company solve its problems. To overlook this possibility—while centering attention upon improved selection and training of new engineers—is to sacrifice a golden opportunity for combating influences conducive to low morale among engineers while simultaneously increasing the efficiency of the company.

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Eastern sales conference

(Continued from page 41)

Manufacturing Co., Pittsburgh. Some time ago he introduced the phrase, "the hotter the water the whiter the wash," which has since become a by-word of gas water heater sales. Postwar sales of water heaters using utility gas have risen 172 percent over prewar in the generally rising market of all types of hot water heaters. According to Mr. McFerran the current two million automatic gas water heater sales figure would be pushed nearer three million annually in the near future. Part of these additional sales he attributed to the growing popularity of automatic dishwashers.

Automatic gas clothes dryers were heralded by the fifth key speaker, Don H. Davidson, sales promotion manager, Whirlpool Corp., St. Joseph, Michigan. In addition to having unshackled the housewife from the weather, the dryer was hailed for adding to the glamour of gas industry appliances and building the gas load. Like the incinerator, the gas dryer had been introduced about 25 years ago but had since been slimmed into an attractive model with such standout advantages as low-cost of operation, low-cost of installation and faster drying. Mr. Davidson predicted that 800,000 dryers would be sold this year, with gas dryer sales leading the field within two years.

Three cautioning thoughts were offered. Mr. Davidson first invited gas utilities not to promote dryers of an individual manufacturer but rather on an industrywide basis since the dryer still is too new to be promoted independently.

Second, he asked utilities to visit, educate, cultivate and sell distributors and dealers principally by getting them to convince themselves by installing a dryer in their own homes. Third, he recommended setting a quota system of selling dryers around the calendar.

Key speaker number six was Al Lee, director of utility division, Servel, Inc., who expounded on cold cooking through gas refrigeration. He called for a revival of selling refrigerators, the only kitchen device—along with the clock—that operates 24 hours a day. He termed refrigerators "our neglected old sellers" but countered that Servel's new ice-maker models not only sell themselves in the saturated refrigerator market but help move other gas appliances as well.

Cooking with gas, on modern automatic gas ranges, was represented by the seventh key speaker, O. J. Haagen, district manager of Tappan Stove Co., Mansfield, Ohio. "Let's avoid using cheap gas ranges as bait to attract buyers into stores," he pleaded. To counteract this situation, he suggested spending more time with salespeople who do the final selling. He said they should be provided with a simplified line of step-up ranges to help upgrade range sales which build a solid basic gas load. "Don't shout price," he shouted, "but cash in on high quality automatic gas ranges."

"Sales Ahead," cried Gene Flack, jovial sales counsel and director of advertising, Sunshine Biscuit, Inc., Long Island City, N. Y. In effect, he stated that the greatness of America and American industry could be attributed to the day-to-day selling of its salesmen. As in the

past, so in the future will salesmen continue to make the best of their opportunities by selling the goods which keep factories and sales floors humming, he went on. A parade of interesting and amusing stories rounded out his diverting presentation as conference guest speaker.

Technicolorful insights into the automatic gas heater business were portrayed in a talking picture, "Servants On Tap," presented by John Wood Manufacturing Co., Conshohocken, Pennsylvania. The presentation covered both the consumer side of gas water heating and the detailed routine of a salesman closing a hard sale.

Two informal conference luncheons, without speakers, highlighted the sessions. After conference hours, good cheer blended with songs and refreshments at the friendship time sponsored by manufacturers.

The meeting was held under auspices of the Eastern Natural Gas Regional Sales Council comprising chairman, Howard B. Yost, Hope Natural Gas Co., Clarksburg, W. Va.; vice-chairman, J. G. Berwanger, Ohio Fuel Gas Co., Columbus; and eight members: E. V. Bowyer, Roanoke (Va.) Gas Co.; F. B. Jones, and Ray Little, Equitable Gas Co., Pittsburgh; A. H. Palmatier, Rockland Light & Power Co., Nyack, N. Y.; Christy Payne, Jr., The Peoples Natural Gas Co., Pittsburgh; Stanton T. Olinger, The Cincinnati Gas & Electric Co.; W. T. Stevenson, Western Kentucky Gas Co., Owensboro, and R. H. Lowe, The Manufacturers Light & Heat Co., Pittsburgh.

Industrial relations

(Continued from page 12)

did not contemplate a gain of seniority for returning GI's but only protects them against loss of seniority during their absences.

Military reserve leave policies—Before June 19, 1951, employees were not, under the Selective Service Act, entitled to military leave for short tours of training, and their employers did not have to take them back on their return from training.

The Bureau of Veterans' Reemployment Rights interprets employers' legal obligations:

Do not have to continue an employee's salary during his reserve leave if non-military employees are not given paid leaves of absence; must give an employee his regular vacation in addition to his reserve leave if the practice has been to allow non-military employees to take vacations in addition to

leaves of absence; cannot restrict the length of an employee's leave of absence for training duty; cannot specify when an employee should take his leave of absence for training duty although the reservist is supposed to arrange a time convenient to his employer; cannot limit the number of leaves of absence for training duty; and must pay for a holiday falling within the training period only if non-military employees are paid for a holiday falling within a leave of absence.

Extent of reemployed veteran's seniority—A reemployed veteran instituted an action to recover wages allegedly unpaid because of the employer's failure to compute properly the veteran's seniority. Before the veteran's entrance into the armed forces there was no seniority system in effect, but during his absence the employer entered into a union contract. This contract set forth a graduated pay scale which computed the salaries of those covered by the length of their "actual expe-

rience" on the job. The veteran maintains that his time in the armed forces should be considered in determining his base rate of pay.

The court, ruling in favor of the employer, distinguished between the usual concept of seniority and the seniority contemplated by the union contract, i.e., "only actual experience in the newspaper field will be credited toward seniority." Therefore, for purposes of determining his pay rate, the veteran acquired no seniority by having been in the armed forces. *Selgrat v. Field Enterprises, Inc., et al.*, (D Ill., 6-23-52) No. 50-C-323, 52 ALC 1103.

Military service no substitute for actual job experience—Veteran's suit for higher seniority. According to a union agreement in effect when an employee went into military service, he needed four years' experience in the job which he left to qualify for the next grade. After he returned from service and was re-

instated in his former job, four non-veterans were placed higher on the seniority roster, because they had completed their experience before the veteran although they had entered the company's employ at a later date. The veteran contended that he was entitled to higher seniority rights because he would have completed the required experience before the other employees if he had not been called to military service.

The court held in favor of the company and ruled that the law protected the veteran's *rights and not his expectations*; and that, inasmuch as his seniority rights in the job he left were unimpaired on his return, there was nothing it could do to invalidate the union agreement regulating seniority in the superior job. The only way the court could grant this advanced seniority would be by a ruling, contrary to the weight of authority, that military service was the equivalent of experience in the craft. *Diehl v. Lehigh Valley Railroad Co., et al.*, (D Penn., 11-12-52) No. 12,996, 53 ALC 377.

● **NLRB rulings—Employer must pay promised raises**—A company which promised all employees a wage increase, then withheld it from one group because it voted for a union, has recently been ordered by the NLRB to compensate these employees for their lost raises. The Board ruled also that the company, by failing to notify the

union that it would withhold the promised raises, unilaterally changed one of the employment conditions and was guilty of refusing to bargain (*Armstrong Cork Co.*).

● **Improvement in working conditions—Unit first aid kits**—Unit first aid kits designed for one-time use are fine for companies with scattered operations. No half-empty bottles and half-used rolls of gauze. The kits remain sanitary during periods of infrequent use. Data sheet D-202 (National Safety Council, 425 N. Michigan Ave., Chicago, 11) tells how to make them up. The cost is 17¢.

● **Aluminum therapy offsets lung acid**—Foundry workers at The F. E. Myers & Bro. Co., Ashland, Ohio, are breathing a finely ground aluminum powder to neutralize an acid formed in the lungs by silica.

Aluminum therapy is said to benefit persons exposed to silica dust. Myers workers are given 16 treatments a year. Doses start at one minute and gradually increase to six minutes, but are scaled to individual needs. Myers' therapy equipment was supplied by the McIntyre Foundation, Washington, Pa.

● **New twist in tuition refunding**—Most tuition refund plans provide a flat refund on "satisfactory" completion of a course, usually with a grade of C or better. The

aim is to give employee-students incentive to complete the course.

But the News at Bell Aircraft Corp., Buffalo tells of an additional incentive that's been added. It works like this: the amount of refund varies with the grade received. Three-fourths of tuition is refunded for grades of A, one-half for B's, and one-fourth for C's. Incentives help.

● **Court decisions—Watchmen on alert for fires held to be outside of FLSA**—Night watchmen whose duties are confined to patrolling an area to look out for fires are held to be exempt from the Fair Labor Standards Act by the U. S. District Court for the Eastern District of New York.

In denying an injunction suit under FLSA by former Labor Secretary Maurice J. Tobin, the court explains the non-commerce status of watchmen by likening them to aircraft spotters. The analogy goes like this: as spotters in no way contribute to the "navigation and operation of the planes which it would be their duty to observe," so watchmen who perform no other function than to report an outbreak of fire cannot be held to "contribute materially or otherwise to the consummation of transactions in interstate commerce." (*Maurice J. Tobin v. Famous Realty, Inc.* USDC, Eastern District of New York. No. 10,226. April 16, 1953.

Accounting conference

(Continued from page 27)

Co. of N. Y., Inc., reporting on electronic accounting machine developments, advised that with the constant, rapid improvements in electronics it is well to look to the future by preparing now.

Walter Ott, The Cincinnati Gas & Electric Co., gave an interim report for his committee on Accounting Developments Service. The committee is developing work on its project.

J. C. Messer, The Peoples Gas Light and Coke Co., spoke on "Functions and Responsibilities of Methods Departments." Mr. Messer used slides effectively to illustrate the "before and after" of several systems changes. He pointed out that a centralized methods staff can devote full time to the improvement of a procedure, can develop skills not normally expected of the supervisory force, and can keep current with technological advances, revised company policy and organizational changes.

At the second session of the General Accounting Committees, C. P. VanDyke, Iowa-Illinois Gas & Electric Co., and D. W. Peterson, Minneapolis Gas Co., acted as capable moderators for a panel discussion of budget policies and prac-

tices. Members of the panel included J. H. McIsaac, The Detroit Edison Co.; R. M. Kelson, Boston Edison Co.; L. E. Ditchburn, The East Ohio Gas Co.; Kenneth Hovland, Kansas City Power and Light Co.; and W. E. Sauer, The Peoples Gas Light and Coke Company.

Fundamental budget policies were reviewed emphasizing that complete and wholehearted support of top management was of utmost importance. Long term forecasting which is important to the success of future operations can be used to dictate the broadest policies and to measure the actual results of these plans. The lack of budget cooperation is often due to lack of communication. One suggested method of better communication is the issuance of periodic reports comparing budget with actual cost.

Ohmer Ullery, The Ohio Fuel Gas Co., reporting for the subcommittee on control of small expendable hand tools and other portable tools pointed out three functions which provide the major portion of control. In sequence they are: 1. the development and application of a practical tool order form, 2. written records for the issuance of tools from working stock and 3. a thoroughly integrated program of physical inventories.

Management's view of accounting is that it should indicate what is going on

in business pointing to specific issues upon which it is to make decisions, indicated W. J. Vatter, professor of accounting, University of Chicago. Mr. Vatter clearly outlined the management-accountant relationship in his talk to the delegates.

Two sessions devoted entirely to taxation accounting were presided over by L. F. Scholley, The Cleveland Electric Illuminating Co., and R. M. Campbell, Consolidated Natural Gas Company.

J. K. Polk, attorney, Whitman, Ransom & Coulson, was the center of a lively discussion following his report on the latest developments concerning his appearances before the Bureau of Internal Revenue officials in regard to the decision in the case of Epmeier vs. Commissioner.

Proposed federal tax legislation was discussed by J. R. Weger, Consolidated Gas Electric Light & Power Co. of Baltimore.

Two subcommittee reports were made. G. J. Covalt, The West Penn Electric Co., reported briefly on the status of his Acquisition Adjustments Committee's activities; while C. H. Mann, Columbia Gas System Service Corp., summarized the activities of his Excess Profits Tax Regulations Committee. This committee has been discharged.

S. J. Schiml, The Dayton Power & Light Co., described his organization's use of a well planned manual for employees in a tax department. The manual is designed primarily to acquaint new employees with the functions of the department of their company to which they might be assigned.

The final session of the Taxation Accounting Committees included a report and discussion on Amortization of Emergency Facilities. C. H. Mann, Columbia Gas System Service Corp. reported that the situation is still confused, due principally to Federal Power Commission's delay in issuing accounting rulings. J. W. Balet, Consolidated Edison Co. of N. Y., Inc., discussed the problem of establishing the starting date of such facilities.

W. H. Harrison, Jr., Potomac Electric Power Co., reviewed the problem, emphasizing the need for staff conferences and the importance of practical tax experience as compared with knowledge of tax law in the training of tax assistants.

The emphasis on and growth of federal grants in aid indicates the vital stake utilities have in getting the most efficient government possible. Speaking on this subject, W. R. Moran, The Toledo Edison Co., stressed the dangers of continued socialization inherent in increasing amounts of such grants in recent years.

W. G. Kuhns, Wisconsin Electric Power Co., reviewing the history of the allowance of corporate contributions for federal income tax purposes, pointed out many of the contradictions between court decisions and bureau rulings.

D. W. Richmond, Miller & Chevalier, traced the legislative and political path by which a tax proposal may become law. He stressed the advantage that the Treasury Department has in attempting to get the administration's tax ideas incorporated in the law especially if the House and Senate majority favors the administration.

Indication of the intense interest created by the talk on supervisory selection, at the opening session of the conference on Monday, was the high degree of participation by the audience at the accounting employee relations session. G. U. Callens, The Detroit Edison Co., who originally presented the subject, presided as discussion leader.

Following Mr. Callens' appearance, J. D. Elliott, The Detroit Edison Co., who presided during the initial period,

relinquished the gavel to J. E. Glines, Michigan Consolidated Gas Company.

H. E. Steiner, Niagara Mohawk Power Corp., led a spirited discussion on the effect of specialization in industry, the difficulties in maintaining employees' interest in repetitive, unchallenging jobs.

"What No Gripes?" If not, J. F. McCahon, Philadelphia Electric Co., pointed out that the company has become moribund, or that lack of communications are responsible for their apparent absence.

D. E. Maloney, The East Ohio Gas Co., followed with a discussion of inter-office communications. He stated that the basic purposes of these communications are to inform and to influence, and that an effective supervisor must pass on information to his employees.

E. R. Eberle, Public Service Electric and Gas Co., led a discussion on "After Supervisory Selection—Then What?" and stated that the period immediately after a line employee has been promoted to management is very important and immediate indoctrination and training are necessary.

Three meetings sponsored by the Internal Auditing Committees under the leadership of A. I. Russak, The Cincinnati Gas & Electric Co., and W. L. Schoonmaker, Public Service Electric and Gas Co., presented a well rounded program.

Norman Kennedy, Central Illinois Electric & Gas Co., presented a paper prepared by F. P. Lynch, Consolidated Edison Co. of N. Y., Inc., dealing with the audit of a stock transfer department. Next on the program, Magnus Andersen, Milwaukee Gas Light Co., presented a paper on responsibility accounting prepared by Frank Lipsky of the same company.

H. C. Davies, Columbia Gas System Service Corp., brought out in his talk, "Rare, Medium or Well-Done" the way for "proving the actual existence of an invisible inventory," in other words, "to prove the value of the natural gas in the hole in the ground." This can be accomplished by having the operating department's schedule for shut-in, and by having a coordinated program with the internal auditors and independent accountants for test checking in order to verify the actual existence of natural gas stored underground.

The general auditor for Ford Motor Co., L. P. Hourihan, covered the standards required for effective internal auditing at a discussion and question ses-

sion on the second day of the conference. The following points were stressed: benefits of internal auditing to management, qualifications and duties of senior staff auditors, guarding against special assignments, delegation of authority and acceptance of internal auditing.

Highlight of the final session was a work-shop panel discussion with L. D. Brumit, Florida Power Corp., as moderator, and G. G. Becher, The Dayton Power & Light Co., A. J. Gregory, Wisconsin Electric Power Co., and H. R. Symes, The Detroit Edison Co., as panel members. This panel discussed controls over employee expense accounts, cost of construction contract work and procedures governing the investigation of instances of misappropriation of funds.

Presided over by J. F. Preish, Michigan Consolidated Gas Co., and C. W. Kelsey, New York State Electric and Gas Corp., the Plant Accounting and Property Records Committees presented two lively sessions.

The opening session on Tuesday presented a panel discussion of "Tips and Tricks in Plant Accounting." This was moderated by L. E. Reynolds, The Connecticut Light & Power Company. The panel consisted of: H. M. Allen, Cities Service Gas Co.; C. W. Kelsey, New York State Electric and Gas Corp.; N. C. Kushner, Consolidated Edison Co. of N. Y., Inc.; W. T. Mott, The Peoples Gas Light and Coke Co.; M. B. Ro-meiser, Niagara Mohawk Power Corp., and F. W. Ross, Pennsylvania Power and Light Company.

Opening the second Plan Accounting and Property Records session A. J. Brodtmann, New Orleans Public Service Inc., spoke on "Continuing Property Records for Station Piping, Wiring and Conduit." He discussed three ways, retirement unit method, group method and "pot" method, of unitizing costs for station piping, wiring and conduit and made effective use of slides to illustrate various points.

The next topic, "Plant Accounting Reports for Management," was presented by C. A. Praxmarer, Michigan-Wisconsin Pipe Line Company. Mr. Praxmarer pointed out that very few companies now prepare formal plant accounting reports for management even though these reports could forestall many questions that usually would come from management and other departments. He also used slides to illustrate the breakdown of a plant accounting report from a top summary to property record units.

A.G.A. announces new publications

LISTED HERE are publications released during March, April and May, up to closing time of this issue of the MONTHLY. Information in parentheses indicates audiences for which each publication is aimed.

ACCOUNTING

● **Directory of Customer Accounting Methods and Equipment** (for all accountants). Prepared by H. C. Bullion and G. A. Kunz. Available from American Gas Association Headquarters, free.

GENERAL

● **A. G. A. Annual Report** (sent to entire membership). Prepared under the sponsorship of the Public Information Bureau, and available from New York City Headquarters, free.

NEW FREEDOM

● **Modern Designs for Kitchens and Laundries—Second Edition** (for utilities, dealers and consumers). Prepared by the A. G. A. New Freedom Gas Kitchen Bureau, and available from New York City Headquarters, seven cents a copy.

● **Planning Today's Homemaking Department and Color-wise Kitchens for Home Ec**

Departments (home service directors, school representatives). Reprints of articles in April issue of *Forecast for Home Economists*, obtainable from A. G. A. Headquarters, New York, 3.4¢ a copy.

PAR

● **Eighth Annual Report on the PAR Plan** (for all gas company executives). Sponsored by the PAR Committee, N. B. Bertolette, chairman. Available from A. G. A. Headquarters, New York, free.

RATE

● **Problems of Gas Distributing Companies Arising from Natural Gas Rate Increases Becoming Effective in Accordance with Section 4(e) of the Natural Gas Act.** Sponsored by the Rate Committee, and available from A. G. A. Headquarters, 50 cents to members, one dollar to non-members.

RESEARCH

● **Improvement of Oil Gas Substitutability for Natural Gas by Pressure Gasification**—Institute of Gas Technology Interim Re-

port (for all utility companies distributing natural gas). Written by D. L. Nicol, J. J. Guyer, E. F. Searight and H. R. Linden. Available from A. G. A. Headquarters or the Institute of Gas Technology, Chicago, for \$2.50.

STATISTICS

● **Monthly Bulletin of Utility Gas Sales, February** (for entire industry). Prepared by and available from the American Gas Association Bureau of Statistics, free.

● **Annual Report of Underground Storage Committee for 1952** (for financial press and analysts, utility executives and operating men). Prepared by the Committee on Underground Storage, and available at A. G. A. Headquarters, free.

● **Monthly Bulletin of Utility Gas Sales, March 1953** (for entire industry). Prepared by and available from A.G.A. Bureau of Statistics, free.

● **Employee Accident Experience of the Gas Utility Industry, 1952** (for safety people). Prepared by and available from A.G.A. Bureau of Statistics, free.

Extending hot water

(Continued from page 11)

the tank. Because it is consumed, replacement is essential if continued cathodic

protection is desired. In average installations, the cost of protection is about a dollar a year. In waters of high conductivity or in tanks operating at high temperatures, protection will cost somewhat

more because the anode's life is shorter. However, such waters also would cut down tank life, and it is far less expensive to replace an anode than a tank.

Accounting, regulation

(Continued from page 16)

utilities have been persuaded to use the straight line method. Most of them, where there were inadequate reserves, have made those reserves adequate. The annual rates of depreciation have been fixed with care but as we periodically review the reserves of these companies, we find that the improvement in the art and the addition of plant expansion as against replacement have changed the lives which might be expected.

By this suggested change we would alter an asset account, which is ascertainable, to an asset account which is a matter of judgment; and worse, we get a result which to the casual public appears to be a certification of the correctness of the asset account which is the main factor in the rate base.

Even in those cases where a determination has been reached as to the adequacy of the reserve and the propriety of the

depreciation rates, a determination most helpful in the speedy and just determination of rate cases, we are still dealing with an estimate which should be constantly reviewed. The best way to emphasize that fact is to continue the account as a reserve upon the liability side of the balance sheet.

We have had several cases where agreement has been reached as to the amount of the deficiency in the reserve but where, for reasons forming no part of this discussion, the company has been unable immediately to make good the reserve. Nevertheless, it was desirable that there be a permanent record of the ascertained deficiency. In those cases we have adopted this accounting. The actual reserve appears upon the balance sheet. Upon the books the computed reserve has been entered with a sub-account showing the deficiency in red. As transfers are made to the reserve the sub-account in red gradually will be written off.

To meet the impact of inflation many regulatory theories and accounting formulae have been advanced. These fall within two extremes. One, it is the duty of the regulatory commissions to insulate and to insure the investor in utility equities against inflation—that because the purchasing power of his dollar has been cut in two, the investor's dollar return should be doubled. The other extreme argues that since any increase in the cost of living, in theory at least, adds to the inflationary spiral, it is the duty of the regulatory commission to be as niggardly as possible in any increase in utility rates.

I cannot agree with either point of view.

Inflation was deliberately encouraged by our federal government to meet nationwide economic problems. We devalued the dollar. We killed part of our pigs and increased government expenditures to fatten the balance. We artificially made available cheap money. You

can think of many others. Whether these things were right or seemed wise at the time they were undertaken is not part of this discussion. They occurred. Then more recently our great military expenditure as the result of the Korean War further inflated the economy. Just as the causes of inflation were national in scope so are the remedies that may be exercised. The effect of the acts of the regulatory commissions upon the pattern of the inflationary spiral is minor. Assuming that a regulatory commission attempts to protect the utility investor from the damage of inflation, these efforts can be rendered impotent by the pattern of the national tax laws.

Inflation is a condition with which we have to live. We are in a period of expanding economy in the utility field and it is our mutual duty to see to it that the new money which is needed to render adequate service is obtained at the lowest possible cost. High capital costs must be paid by future ratepayers.

To obtain the needed money utilities must compete in the money market. If all forms of industry were equally affected by inflation, the competitive problem would be minimized. We know, however, that the utility must compete against the industrial company which traditionally enjoys high income in periods of expanded business activity, and particularly against that class of industrial enterprise, like the oil industry, where there appear to be tax advantages. In short, the utility is competing against investments which appear to furnish a greater hedge against inflation. Hence, the argument of some economists is that if we are to compete in the money market, regulation of utilities must be on a basis which likewise appears to offer the same hedge.

Each of the many recent accounting theories attempts some method of equalizing the impact of inflation by revaluing the dollars of investment rather than the property; they differ fundamentally from the "fair value" concept where reproduction cost of plant is a material element. One of the examples is the proposal to accrue depreciation upon a replacement rather than cost basis. Another is to revalue the investment in terms of the decreased purchasing power of the dollar. Each one has the same claimed objective in view—the increase of earnings upon the equity investment. They all present a temptation and an expedient answer to our mutual problem. I use the word "expedient" deliberately and advisedly be-

cause any rule of regulation which produces a high return in periods of high inflation must of necessity produce a low return in periods of deflation.

Following one of the proposals, the historic cost of capital theory, to its logical conclusion probably would give most utilities a higher rate of return than they are receiving; the most controversial case which has been decided recently was decided upon that precise theory by the Federal Power Commission. I make no point of whether or not in that case the historic cost theory was correctly applied or whether the decision was right. I cite the example only to put firmly in your minds the fact that a theory of regulation which may appear to be favorable to one of you on one day may be far from favorable to someone else.

If as a cushion against inflation we adopt the policy of revaluation, whether we take it in terms of purchasing power dollars or in some other way, we commit ourselves to the doctrine that revaluation is a sound method of fixing utility rates. The percentage of high cost postwar plant is constantly increasing not alone because of the great expansion made necessary to meet demands but also because each year more and more low cost prewar plant is being retired. Most companies have borrowed a large proportion of the money to install this high cost plant. Some of these loans are going to become due and payable in the not-too-distant future. If we expect over the years (and it always has happened), a decline in the price cycle, and that cycle coincides with the refundings which will be necessary, and if we have committed ourselves to the doctrine of revaluation, the problems of refinancing will be extremely serious and difficult.

We can expect an increase in plant at current prices over the immediately foreseeable future. Under some of the revaluation theories a moderate decline in the price cycle, or conversely an increase in the purchasing power of the dollar, would shortly produce a rate base in some of the rapidly growing utilities below an original cost rate base; and if the price cycle should drop to its prewar figures, I will leave to your imagination the disaster that would ensue.

If you commit yourselves to trick formulas and the unsound doctrine of revaluation today when it may seem to be a benefit to you, it is a doctrine you are going to have to live with in the future. You can't change the rules of the game when it is to your advantage, and then

ask to have the rules changed when it hurts.

You can't wallow in economic hog wash and not have some of it stick to you.

In times of depression the price level falls. In times of depression your business is lessened. If we proceed on such a revaluation theory, the base upon which you may earn drops and the combination of the factors results in a low income at a time when you need it most.

We have two types of investors—one

who because of tax laws is primarily interested in market appreciation; the second who is interested primarily in continuity of earnings. It is to that latter class that premium utility stocks appeal.

The stability of the utility industry in this country depends upon the stability of earnings. The greatest example that we have had is the fact that the American Telephone Company has well over twelve hundred thousand stockholders who have bought that stock largely because of their belief in the stability and the regularity of the \$9 dividend. I venture to say if over the last thirty years the dividend had averaged nine and one-half or ten dollars but had fluctuated from \$12 to \$4 and followed the pattern of the industrial stocks, it would not have the investment attraction that it has.

Another great objection to any of the revaluation theories is that in the trial of any rate case it opens more points to controversy. It becomes a battle of the experts; and I think that your experience and mine is that most commissions are inclined to believe their own experts and not the companies. A rate case where the plant cost is beyond dispute, where the adequacy of the depreciation reserve and the annual rates are not in controversy can be quickly and speedily disposed of. If we use the replacement basis of depreciation, do we use the expected future cost of replacing existing property which we know will not be duplicated, or do we usurp the functions of management and compute it upon the future cost of the type of plant that regulatory commissions predict will be installed in the future? A rate case where the depreciation must be computed on a replacement basis or where the investment must be recomputed in terms of the purchasing power of the dollar is interminable.

The processes of regulation are too complicated as they now exist. Greater simplicity—not greater complication—should be our aim.

Relief can be given, where relief is

needed, without indulging in formulas or in theories that may come back to haunt us both in the future. The answer lies in what is one of the fundamental principles of regulation; that a utility is entitled to earn sufficient to attract money to the enterprise. There is nothing sacred about a six percent or a five percent or an eight percent rate of return. The rate of return must and should vary, depending upon the necessary and logical cost of money computed not on any spot basis but over a reasonable cycle. So long as the rate of return is adequate to attract capital the financial integrity of the utilities of this country will be safe.

We have received a great heritage made possible by individual enterprise

and a belief that individual conscience will show us those things which are right. We are presently faced with great dangers from without. An essential part of our defense against those dangers is a strong economy within. This is no time for us to shrug off our problems and pass them on to our children at a time when they are faced with the problem of survival—survival of freedom, survival of happiness, even physical survival itself. There are those who believe it easier to turn over to a socialistic national government all of the problems that face us, who believe that the industries you represent have no place in our economic future.

One form of insurance against this

tendency is sound and effective regulation. Regulation is neither sound nor effective if it indulges in or permits trick accounting to bring about a present day expedient result. Regulation is neither sound nor effective if it mortgages or permits the mortgage of the future to pay today's bills.

If you permit the adoption of accounting practices which are based upon the doctrine of expediency, you are betraying a great profession; and if those of us who are in the regulatory field join with you in following false gods, together we are betraying a great heritage; and instead of making it easier for the future, we are adding additional burdens upon our children.

Sell or shrivel!

(Continued from page 3)

pliance manufacturer, who can, after all, make and sell some other product—then the gas utility, which has no such alternative.

To attain an adequate volume of appliance sales, which is the first and most important point of the 15 which constitute our program, our resources and ingenuity will be taxed. The process will, indeed, separate the men from the boys. Whether you think your present organization and program are sufficient to do the job; whether yours is the best way to get it done—these are crucial decisions. Your best bet is to participate in the national sales promotion campaigns fostered by A. G. A., with which appliance manufacturers—members of GAMA—will coordinate their sales promotions. Don't deprive yourself of the benefit of mass, coordinated action.

To participate in these promotions, utilities need organization and leadership for sales, whether their own sales, or the dealers', or both. We need salesmen, for either they sell, or we shrivel; and we need advertising—brand-name, performance and feature advertising.

But, in addition to trained, convinced, amply rewarded salesmen, and to advertising of the kind and in the place where it will do the most good, a successful sales program needs to know its market. There is no point of this program more important and essential than the first point's corollary: that the market potential of any company sales program must be ascertained—not only so that salesmen may go where they are needed and their efforts most likely to be fruitful, but that the manufacturers may have their products where they are needed, and in sufficient number. Aid in determining and applying these techniques of establishing market potentials will be forthcoming from A. G. A. and GAMA, now working on the problem together.

The determination of market potential is an essential not only to a successful sales campaign but also to cure one of the ailments that afflict our industry, i.e., ignorance of, or indifference to, our customers' needs. I refer to the replacement market, with which we are not dealing adequately. A survey will hardly reveal the requirements of the new home market, though its potential may be estimated; but of the 15 millions of ranges in use in 1940 by gas utility customers,

only half had been replaced 10 years later—a 20-year rate of replacement.

This means that 7½ million ranges on our lines are now more than 10 years old. Though they would appear good prospects for the replacement market, last year only two million ranges were sold to new homes and as replacements. This number is barely more than the total sold in the last pre-war year. A fair job would have been three million; a good job, four million ranges.

Of the 2,300,000 gas ranges sold in 1951, half retailed below \$150. In the same bracket, but 50,000 electric ranges were sold—one out of 24. But more electric ranges were retailed at above \$150 than gas ranges below \$150! And of ranges retailing above \$250, electricity out sold gas 2½ to one! More than 60 percent of the CP quality gas ranges made in 1951 were sold on the Pacific Coast. Is there any doubt about the trend as to the rest of our country? The Gas Industry Development Program is the answer, we believe, to this condition.

Granted an efficient, high-quality appliance, the most important and essential feature of a sale, or a thousand sales, is the point-of-sale itself. Store arrangement, floor display and attractive terms can and must be supplied; and yet, there is no sale without a salesman. It is in that salesman's aptitude, his conviction, his earnestness, his remuneration, and, above all, his training, that success or failure lies. He must know his product, be able to discuss and demonstrate its advantages, be convinced that it is best for his customer, and have the assurance of ample reward for his training and services.

A. G. A.'s help in the matter of selecting and training utility and dealer salesmen will be available shortly in form and content that, if used, will be effective. Utility methods and dealer plans from successful sales operations all over the country have been brought together, and will be in your hands soon. Your own sales training program may do as well if it is a good one, and preferably, a proved one. A. G. A.'s is a sure-shot plan, we believe.

And that brings me to advertising, a second essential. I am among those who, 15 years ago, clamored for national advertising by the gas industry. Later the same proponents urged the enlargement of the fund to the very respectable total which has been available through the PAR Fund for some years past.

The American mentality seems to be geared or conditioned to advertising. The general opinion is that advertising is essential. I hold the view, after a good many years of general observation of household gas appliance advertising, that the most benefit for our money is derived from advertising locally, nearest the point-of-sale; that national or regional advertising by brand names in architects' and builders' magazines is essential; and, in the so-called shelter and women's service magazines where it gains editorial interest and support for our product, is worthwhile.

I am convinced that much of the national advertising A. G. A. does in periodicals of greatest general circulation is not comparable in its effect with brand-name, performance and feature advertising in those periodicals. If it were, the electric people would be using commodity advertising comparable to ours, instead of brand-name advertising which they use altogether.

I am speaking here of A. G. A.'s household appliance advertising; I believe that our commercial and industrial advertising of the superior features of gas fuel, in trade periodicals, has been an effective and highly satisfactory sales help.

I feel that we have been laboring under the misguided conception that by providing a volume of advertising in inches and dollars to make up the deficiency of gas appliance manufacturers' advertising compared to electric, we accomplish parity. This non-brand-name, "anonymous" advertising does not accomplish real parity, in my opinion. It certainly has not been able to maintain the trend toward gas. If you are convinced that advertising of electrical appliances has contributed to their encroachment on our market, then you must admit the superiority of appliance advertising by brand name, specific performance and quality features.

Gas appliance manufacturers conducting profitable businesses will do the national or regional advertising and promotion necessary to put their specific makes of appliances favorably before the public. Certainly prosperous electric appliance manufacturers are doing so.

Advertising of any kind isn't going to help to sell anything, even the most meritorious appliance, unless there is a sales outlet through which it is sold and a salesman to sell it.

The best local advertising, which I hope you will continue to utilize as a sales help, isn't going to do the job without sales outlets and salesmen. The best national advertising isn't going to do the job without sales outlets and salesmen. Manufacturers and distributors of gas appliances will find there the seat of many troubles; there must be more and better sales outlets, and the outlets must be manned by trained, convinced, amply rewarded salesmen.

The final test of all sales plans and helps and activities is whether we secure adequate appliance sales volume. We of the utilities, to whom this is a matter of life and profit, or loss and eventual extinction, have in the last analysis the responsibility to our stockholders for developing this adequate sales volume.

Whatever honorable course is best for one or another of our member companies to bring about this essential of adequate sales volume, of regaining the new home and replacement markets, of supporting the program for up-grading appliances—that course the utility should pursue. If we are to defend our markets and take the offensive, every utility must pursue it. Tools are, or will be, available to you, through A. G. A. promotion, sufficient to enable you to make certain

the success of your sales program. It is about time we stopped talking about it and began to perform!

I have yet to learn of a combination gas and electric utility which knowingly and willingly encourages a trend from gas to electricity in the household uses of gas. Indeed, combination companies show a record of gas range and gas water heater saturation as high as any straight gas company, and higher than most. No combination company wishes to see its customers sacrifice the kitchen load, leaving it only the seasonal gas heating load. The Gas Industry Development Program, as it affects the conventional household use of gas and the new dryer and incinerator load, is of as great concern to the combination company as to the straight gas utility.

You have heard the theme of a "united industry." This conception envisages all components of the gas industry unified in policy, coordinated in program, with common aim and solid front, utilizing to best advantage their enormous resources in public service. This topic and program I am discussing today embodies the synchronization of utilities, and most especially their sales function, with the appliance manufacturers, without whose well-being we cannot be healthy, without whose profitable operation we cannot attain new markets, nor even defend those we have. An affirmative, cooperative attitude is absolutely necessary if we are to do justice to our opportunities and our stockholders' investment.

There is no place in this intra-industry relationship for resentment and recrimination, for distrust and destructive criticism. If we are going to do business on the basis of like or dislike, we should postpone these activities until we get to heaven; perfection is not to be found here. Disunity can be our downfall.

Another major factor deserves discussion here. It is time that we should realize and accept the fact, while it is still a fact, that Servel is the *only* gas refrigerator and that it is a key appliance in our kitchen load. While its manufacturer's national advertising does and cannot *now* stress its unique features of "No Moving Parts," "Complete Silence," "10-Year Warranty," that is all the *more* reason why the gas utility industry, in advertising, in sales training and every other phase of salesmanship, should stress them *more* and *more* and let the world know by *every* means available that Servel—ice maker and all—is a gas refrigerator! To do less is utter blindness to our opportunity and to our years of increasing investment in advertising and promoting this appliance. Where is the all-gas kitchen without it? Where is its 132-therm annual load without it?

This Gas Industry Development Program is, first and foremost, a broad chart and guide which, if and when adopted and carried out in good faith by all members of the gas utility industry, will repel the encroachments now breaching our bulwark, the kitchen load; will maintain our markets, and transfer this fear of attrition upon us into a continuous, aggressive action that will, it is certain, restore gas to the place of preference in those fields where it serves so superbly, so incomparably well.

Whatever the plans of separate companies, they cannot separately achieve the industrywide impact nor sustain our blood brother, the gas appliance manufacturing industry, as can an industrywide program of constructive, positive, aggressive effort. However good our industry's intentions, whether voiced by this association or that, or this member company or that, they can be realized only by united, concerted effort upon a common program.

New A.G.A. members

Associate companies

McJunkin Corp., Charleston, W. Va.
(W. E. Sample, Gen. Mgr. of Sales)
H. Schultz & Sons, Newark, N. J.
(Carl N. Singer, Gen. Mdse. Mgr.)

Gas companies

California-Pacific Utilities Co., San Francisco, Calif.
(E. A. Nickelsen, Coml. Mgr.)
Michigan Gas & Electric Co., Three Rivers, Mich.
(L. L. Perry, Vice Pres.)

Manufacturer companies

American Metal Products Co., Los Angeles, Calif.
(Sol R. Rubin, Pres.)
Concentric Manufacturing Co., Ltd., Birmingham, England
(H. Burke, Joint Mngng. Dir.)
Crosley Division, AVCO Manufacturing Corp., Cincinnati, Ohio
(M. R. Roger, Mgr. Utily. & Mjr. Accts.)
Ex-Cell Valve Div., Temp. Pressure Products Corp., Cleveland, Ohio
(J. A. Britton, Pres.)
Jungers Stove & Range Co., Grafton, Wis.
(R. O. Duerwachter, Sales Mgr.)
Landis & Gyr, Inc., New York, N. Y.
(M. Wiesendanger, Secy.-Treas.)
Marathon Steel Corp., Cleveland, Ohio
(W. H. Dornback, Jr., Pres.)
Quick Charge, Inc., Oklahoma City, Okla.
(A. C. Fletcher, Pres.)
Rasch Manufacturing Corp., Kansas City, Mo.
(Lee W. Rasch, Vice Pres.)
Sheet Metal Mfg. Co., Youngstown, Ohio
(J. H. Baum, Owner)
Toronto Hardware Mfg. Co., Ltd., Toronto, Canada
(Grant Marsh, Pres.)
Walworth Company, New York, N. Y.
(Alfred J. Eichler, Pres.)

Individual members

Casper B. Apple, Haskins & Sells, Newark, N. J.
Jay J. Ball, Michigan-Wisconsin Pipe Line Co., Detroit, Mich.
Bert E. Bard, Michigan-Wisconsin Pipe Line Co., Detroit, Mich.
A. G. Barkow, Natural Gas Pipeline Co. of America, Chicago, Ill.
J. G. Barnhart, Natural Gas Pipeline Co. of America, Chicago, Ill.
George Bem, Natural Gas Pipeline Co. of America, Chicago, Ill.
William G. Betsch, Public Service Electric & Gas Co., Newark, N. J.
John D. Boedicker, N. Y. State Electric & Gas Corp., Auburn, N. Y.
Albert L. Boltizar, Kings County Lighting Co., Brooklyn, N. Y.
J. D. Brady, Southern California Gas Co., Gardena, Calif.

James J. Brady, Rochester Gas & Electric Corp., Rochester, N. Y.
W. Ralph Brannan, The River Gas Co., Marietta, Ohio
Raymond W. Brundage, The Peoples Gas Light & Coke Co., Chicago, Ill.
Edward R. Budd, South Jersey Gas Company, Millville, N. J.
Wayne H. Carson, The East Ohio Gas Co., Canton, Ohio
John B. Coker, Transcontinental Gas Pipeline Corp., Newark, N. J.
Newell C. Comfort, Hope Natural Gas Co., Clarksburg, W. Va.
Thomas E. Connelly, City Gas Co. of Newton, N. J., Newton, N. J.
Milton D. Crane, Hope Natural Gas Co., Pittsburgh, Pa.
Ernest J. Cresswell, The Brooklyn Union Gas Co., Brooklyn, N. Y.
Edward R. Crilly, City Gas Company, Phillipsburg, N. J.
Charles T. Cummings, Hope Natural Gas Co., Clarksburg, W. Va.
G. Graydon Curtis, Rochester Gas & Electric Corp., Rochester, N. Y.
Richard E. Dake, Southern Counties Gas Co. of Calif., Los Angeles, Calif.
Robert F. Dangel, Michigan-Wisconsin Pipe Line Co., Detroit, Mich.
Frederick R. Davern, Esso Standard Oil Co., New York, N. Y.
John C. Dezelle, United Gas Corp., Beaumont, Texas
J. G. Dickinson, Natural Gas Pipeline Co. of America, Amarillo, Texas
William C. Dill, Long Island Lighting Co., Mineola, N. Y.
George F. Dixon, Milwaukee Gas Light Company, Milwaukee, Wis.
Jordan Dye, Pacific Gas & Electric Co., Stockton, Calif.
Fred C. Eggerstedt, Jr., Long Island Lighting Co., Mineola, N. Y.
E. M. Fisher, Gordon E. Wilkins, Inc., Los Angeles, Calif.
Stephen D. Ford, Jr., Kansas Nebraska Natural Gas Co., Inc., Hastings, Nebr.
Clement A. Fry, The East Ohio Gas Co., Ravenna, Ohio
Harold N. Fuller, Hood Construction Co., Lynwood, Calif.
Harold C. Garvens, Milwaukee Gas Light Company, Milwaukee, Wis.
Clarence H. Goetz, The Manufacturers Light & Heat Co., Pittsburgh, Pa.
Richard H. Grosse, Haskins & Sells, Pittsburgh, Pa.
Hugh L. Hamilton, A. V. Smith Engineering Co., Ardmore, Pa.
Henry W. Hanes, United Gas Corp., Jacksonville, Texas
Edwin M. Harris, United Gas Corp., Houston, Texas
Harry R. Hart, East Midlands Gas Board, Leicester, England
C. R. Hastings, Southern California Gas Co., Pasadena, Calif.
Carl R. Hecker, Pipe Protection Service, Inc., Elizabeth, N. J.
David J. Herman, Whirlpool Corp., St. Joseph, Mich.
Everett M. Horton, South Jersey Gas Company, Atlantic City, N. J.
Kenneth P. House, Wheeling Steel Corp., Wheeling, W. Va.

John B. Hussey, Hussey & Smith Attorneys, Shreveport, La.
Richard D. Jolls, The Gas Machinery Co., Cleveland, Ohio
Edgar S. Keepers, Jr., South Jersey Gas Co., Atlantic City, N. J.
Parry Keller, Jr., The East Ohio Gas Co., Cleveland, Ohio
Vincent M. Kelly, Haskins & Sells, Tulsa, Okla.
C. S. Kenworthy, Natural Gas Pipeline Co. of America, Chicago, Ill.
Robert E. Kinckiner, Metropolitan Utilities District, Omaha, Nebr.
John C. Klemm, Public Service Electric & Gas Co., Rutherford, N. J.
Carroll V. Kroeger, Central Indiana Gas Company, Muncie, Ind.
Robert Letts, Pacific Gas & Electric Co., San Francisco, Calif.
Richard L. Leusch, The East Ohio Gas Co., Cleveland, Ohio
James A. Lillis, Commonwealth Services, Inc., New York, N. Y.
William J. Lochr, Southern California Gas Co., Rivera, Calif.
John L. Lovett, Jr., Michigan-Wisconsin Pipe Line Co., Detroit, Mich.
Arthur R. McCamey, Hope Natural Gas Co., Clarksburg, W. Va.
T. W. McCloskey, Pacific Gas & Electric Co., Fresno, Calif.
T. H. McConnell, Jr., Vulcan Rubber Products, Inc., Brooklyn, N. Y.
F. C. McCown, Mueller Co., San Francisco, Calif.
W. C. McDonnell, Southern California Gas Co., Los Angeles, Calif.
E. C. McEneaney, Ransome Co., Emeryville, Calif.
A. S. McKenzie, Natural Gas Pipeline Co. of America, Chicago, Ill.
Faber F. McMullen, United Gas Corp., Marshall, Texas
Robert C. Martin, The Peoples Light & Coke Co., Chicago, Ill.
Charles A. Massa, The Manufacturers Light & Heat Co., Pittsburgh, Pa.
Clair Vernon Merriam, Gulf States Utilities Co., Baton Rouge, La.
D. N. Miller, Southern California Gas Co., Los Angeles, Calif.
S. LeRoy Miller, Natural Gas Pipeline Co. of America, Chicago, Ill.
Charles R. Montgomery, American Natural Gas Service Co., Detroit, Mich.
James P. Moroney, Colorado Interstate Gas Co., Colorado Springs, Colo.
W. E. Mueller, Colorado Interstate Gas Co., Colorado Springs, Colo.
Hugh J. Mullen, The East Ohio Gas Co., Cleveland, Ohio
D. A. Myers, Sid Harvey, Inc., Valley Stream, N. Y.
Joseph C. Nelson, Michigan-Wisconsin Pipe Line Co., Detroit, Mich.
Charles L. Neumeyer, The Brooklyn Union Gas Co., Brooklyn, N. Y.
Ashley D. Nevers, Penn Salt Mfg. Co., Philadelphia, Pa.
Mileo M. Occhi, Laclede Gas Company, St. Louis, Mo.
Elmer M. Osborne, The East Ohio Gas Co., Cleveland, Ohio
Ernest W. Painter, Jr., The Brooklyn Union Gas Co., Brooklyn, N. Y.

J. A. Pennington, Texas Eastern Production Corp., Houston, Texas
 L. B. Pettit, City Gas Co. of New Jersey, Flemington, N. J.
 Frank W. Phillips, The Ohio Fuel Gas Co., Athens, Ohio
 William M. Pierson, Niagara Mohawk Power Corp., Albany, N. Y.
 Roman L. Pijanowski, The Peoples Natural Gas Co., Pittsburgh, Pa.
 Arthur J. Podesta, Scranton-Spring Brook Water Service Co., Wilkes-Barre, Pa.
 Lewis M. Poe, Colorado Interstate Gas Co., Colorado Springs, Colo.
 Theodore M. Riseling, Cathodic Equipment Co., Inc., Tulsa, Okla.
 L. P. Reeder, Pacific Gas & Electric Co., San Rafael, Calif.
 Warren M. Reeser, United Fuel Gas Co., Huntington, W. Va.
 J. H. Reid, Consolidated Western Steel Corp., Los Angeles, Calif.
 David W. Richmond, Miller & Chevalier, Washington, D. C.
 Rex E. Richardson, Michigan-Wisconsin Pipe Line Co., Detroit, Mich.
 Edward L. Rieha, Gas Engineer & Contractor, Baltimore, Md.
 J. W. Rippey, Pacific Gas & Electric Co., Oroville, Calif.
 Edward C. Ritchie, Pacific Gas & Electric Co., San Francisco, Calif.
 J. P. Roetzel, Colorado Interstate Gas Co., Colorado Springs, Colo.
 E. J. Schuster, City Gas Co. of Phillipsburg, N. J., Flemington, N. J.
 Samuel O. Schwartz, The Brooklyn Union Gas Co., Brooklyn, N. Y.
 W. K. Scott, Jr., New York State Natural Gas Corp., Pittsburgh, Pa.
 William H. Scott, H. Emerson Thomas Assoc., Inc., Westfield, N. J.
 P. W. Severance, Northern Natural Gas Co., Omaha, Nebr.
 Frank J. Sherman, Laclede Gas Company, St. Louis, Mo.
 Leo L. Shibley, George D. Roper Corp., Oakland, Calif.
 S. L. Sibley, Pacific Gas & Electric Co., San Francisco, Calif.
 Sarah Sicker, South Jersey Gas Company, Atlantic City, N. J.
 Elmer P. Simko, Public Service Electric & Gas Co., West New York, N. J.

George F. Sleight, Jr., Trade-Wind Motorfans, Inc., Los Angeles, Calif.
 Lewis M. Smith, Michigan-Wisconsin Pipe Line Co., Detroit, Mich.
 Anne Sopensky, The Brooklyn Union Gas Co., Brooklyn, N. Y.
 G. L. Springborn, Natural Gas Pipeline Co. of America, Chicago, Ill.
 P. A. Stover, Iowa Electric Light & Power Co., Cedar Rapids, Iowa
 Warren T. Thagard, Texas Eastern Transmission Corp., Shreveport, La.
 W. J. Timmings, Cities Fuel Corp., Fresno, Calif.
 Charles W. Tipps, City Public Service Board, San Antonio, Texas
 William B. Tippy, Commonwealth Services Inc., New York, N. Y.
 Jack D. Tolliver, Tube Turns, Inc., Louisville, Kentucky
 Raymond D. Tracy, Southern Counties Gas Co. of Calif., North Hollywood, Calif.
 A. F. Treskow, The Peoples Gas Light and Coke Co., Chicago, Ill.
 Ralph H. Trester, Metropolitan Utilities Dist., Omaha, Nebraska
 Philip Ver Planck, Jr., Pacific Lighting Gas Supply Co., Los Angeles, Calif.
 A. E. Wastie, H. Emerson Thomas and Associates, Inc., Westfield, N. J.
 Robert H. Watson, Southern Counties Gas Co., North Hollywood, Calif.
 Jeff Watts, Pacific Gas & Electric Co., San Francisco, Calif.
 Harold R. Weitzel, The Manufacturers Light & Heat Co., Pittsburgh, Pa.
 Edward J. Whetzel, Moore Publishing Co., Dallas, Texas
 Burton F. Wiand, Cities Service Gas Co., Oklahoma City, Okla.
 Laurence S. Wiederwax, South Jersey Gas Company, Atlantic City, N. J.
 F. V. Wilby, Southern California Gas Co., Los Angeles, Calif.
 J. Harry Williams, Haskins & Sells, St. Louis, Mo.
 Eugene E. Witham, Long Island Lighting Co., Mineola, N. Y.
 John F. Wood, Worcester Gas Light Co., Framingham, Mass.
 Lloyd D. Wright, Peoples Gas Light & Coke Co., Chicago, Ill.
 Raymond H. Young, South Jersey Gas Company, Atlantic City, N. J.

Laboratories

(Continued from page 9)

single factor in taxing the Laboratories' testing facilities to the limit. It is a problem that can be mutually solved by the full cooperation of the manufacturer through comprehensive testing and correction of his equipment before it is submitted to the Laboratories for approval tests.

Based on the number of new models currently being tested at the Laboratories, the gas industry faces another important year. The wide range of approved equip-

ment available incorporating new and improved features will enable our future customers to join the ranks of the many satisfied gas appliance users. Approved models can be readily identified by the display of the Laboratories Approval Seal. This widely known symbol on an appliance assures its purchaser of its safe operation, durable construction and acceptable performance. Full recognition should be given to the appliance manufacturer for his foresightedness in making such a wide selection of approved gas equipment available and for his confidence in the future of the gas industry.



1953

JUNE

- 1-4 •Edison Electric Institute, Atlantic City, N. J.
- 14-18 •Canadian Gas Association, Windsor Hotel, Montreal, Canada.
- 22-23 •Michigan Gas Association, Grand Hotel, Mackinac Island, Mich.
- 23-26 •American Home Economics Association, Kansas City, Mo.
- 29-30 •A. G. A. New York-New Jersey Regional Gas Sales Conference, Monmouth Hotel, Spring Lake Beach, N. J.
- 29-July 3 •American Society for Testing Materials, Chalfonte-Haddon Hall, Atlantic City, N. J.

JULY

- 13-17 •National Housewares & Home Appliance Manufacturers' Exhibit, Auditorium, Atlantic City, N. J.
- 20-22 •American Trade Association Executives, Annual Meeting, Haddon Hall, Atlantic City, N. J.

AUGUST

- 26-28 •The American Dietetic Association, Annual Meeting, Los Angeles, Calif. (A. G. A. will exhibit.)

SEPTEMBER

- 1-2 •A. G. A.—NEGA Conference, Boston, Mass.
- 9-11 •Pacific Coast Gas Association, San Francisco, Calif.
- 10-11 •Mid-West Gas School and Conference, Ames, Iowa
- 11 •New Jersey Gas Association, Spring Lake, N. J.
- 27-30 •Controllers Institute of America, Hotel Statler, Boston, Mass.

OCTOBER

- 6-7 •Texas Mid-Continent Oil & Gas Association, Rice Hotel, Houston, Texas
- 19-21 •American Standards Association, Waldorf-Astoria Hotel, New York, N. Y.
- 19-23 •National Metal Exposition, Cleveland, Ohio
- 19-23 •National Safety Council, Chicago, Ill.
- 26-28 •A. G. A. Annual Convention, Kiel Auditorium, St. Louis, Mo.

Personnel service

SERVICES OFFERED

Utilization and Development Engineer—Graduate mechanical engineer, married. Desires association with manufacturer located in Los Angeles area. Twelve years' experience in large eastern utility in industrial and commercial gas utilization. Experience includes special burner and furnace design, thorough knowledge of control systems including electronic type and combustion characteristics of manufactured, natural and mixed gases. 1732.

Sales and Product Development Engineer—Heating and air conditioning expert. Has held positions of top responsibility with successful record of accomplishment. Knows intimately gas and oil burner industry and personnel. Has thorough knowledge of A.G.A. and Underwriters' Laboratories and procedures. Presently in top position. Interested in a real combination engineering and sales opportunity or in developing own business as a manufacturer's agent in a suitably productive area. 1733.

Gas Engineer—Graduate M.E. 12 years' experience with natural gas utilities in pipeline, piping system, metering, and regulating station design, construction, operation, and maintenance—both transmission and distribution. Good record of cooperation with associates, ability to handle men, and sustaining customer relations. Desires opening where qualifications will be fully utilized. 1734.

Gas Utility Executive—22 years' engineering and sales management experience. Graduate engineer desires greater opportunity. 1735.

Operation Engineer—Qualified to assume responsibility for operations and construction of a

natural gas company or pipe line construction project. Experience includes natural gas distribution engineer, construction management engineer and geodetic engineer. At present the commanding officer of a geodetic unit supervising the operations of various contracts in the Far East. Available June 1953. 1736.

Superintendent—Man with long experience with manufactured gas plant, distribution and service. Also natural and propane gases. Wishes permanent employment. At present employed. Can come well recommended. Distribution and service preferred. 1737.

Gas Appliance Adjuster—25 years' experience on domestic, commercial, restaurant appliances on manufactured, natural and propane gases. Would like to make connections with company supplying bottle gas territory, or any appliance adjusting company offering steady, profitable employment. Willing to travel. 1738.

Administrator—Public Relations—10 years experience in all phases of oil and gas operations. Diversified training in responsible work. Desires administrative or public relations position to utilize technical knowledge and writing experience with a gas company or a trade organization. College degree and LL.B. (31). 1739.

Manager—20 years with combination natural-bottled gas operations. All around experience in building business, increasing customers and building load, office management and construction. 1740.

Lawyer—Corporate Secretary—17 years' experience in gas industry, including background in sales management, corporate secretary with experience in SEC matters, public utility law, insurance and stockholder relations. Available to gas operating utility or transmission company—July 1953. 1741.

POSITIONS OPEN

Systems and Methods Director—Good career opportunity for man experienced in utility customer accounting. Must also have systems and methods experience, though not necessarily in the utility industry. Age 26 to 45. Natural gas utility company engaged in production, transmission and distribution in four states. Offer a full program of employee benefits. 0689.

Gas Salesman—Excellent opportunity for producer thoroughly experienced in household, commercial and industrial gas appliance sales, management, advertising, etc. Small southern Ohio utility with no present restrictions has immediate opening. Give complete resume including salary expected. 0690.

Home Economist Supervisor—Progressive natural gas utility in the Southeast desires Home Economist experienced in the gas industry, capable of planning and directing promotional programs. Desirable to have radio experience if not TV. 0691.

Manufacturer's Representatives to sell high-quality old line gas boilers, furnaces, floor heaters and conversion burners on commission. Men with established trade in non-competitive lines will be considered. We have several choice, protected territories available. You must be aggressive and qualified to handle heating sales. 0692.

Assistant General Superintendent—New England gas utility desires a man under 40 years of age to fill this newly created position. Engineering graduate required. Please submit complete resume, including personal background, education, experience, and present salary level. All replies treated with strictest confidence. 0693.

Northern Natural launches new quarterly magazine

NORTHERN NATURAL GAS Co., Omaha, has published the first edition of *Transmission*, a new quarterly magazine. The circulation includes 7,500 utility customers, newspapers, radio and TV stations, chambers of commerce, and thought leaders in the system's seven-state area.

In the opening editorial, John F. Merriam, Northern president, states that the magazine will attempt to inform the public of the development of the natural gas transmission business. It will be directed toward increasing the understanding of the economics of the natural gas business, operating factors, govern-

ment regulations, supply and demand, rates and pricing and customer relations. In addition, *Transmission* will feature entertaining items concerning local history of and civic achievements in the company's area.

W. J. Quinlan is Northern's publications director, and J. J. Finnegan is editor.

Industrial gas school

(Continued from page 30)

ture was devoted to the application of immersion burners and the special gas firing required for efficient operation.

Carl Wierum, The Brooklyn Union Gas Co., which probably has a more diversified industrial territory than any other gas utility, lectured on "Miscellaneous Small Volume Processes." He brought out and emphasized to the students that they must never overlook even the smallest gas application in a plant. Mr. Wierum spent considerable time on the subject of paint and varnish cooking and the special burner and control arrangements for this critical application. He also advised the students to look into fume incineration as there would be more of this required as the enforcement of local air pollution ordinances.

The balance of the lectures on the last day were devoted to sales problems and salesmanship. Charles C. Eeles, The Ohio Fuel Gas Co., section vice-chairman, made his second appearance before the school with a lecture on "Competitive and Standby Fuels." He spoke on the costs to be considered in preparing a comparative fuel analysis and selecting the fuel for industrial heat processing and the factors to be considered for standby fuel recommendations.

A lecture on "The Complete Plant Survey and Sales Techniques and Aids" was presented by Robert A. Modlin, The East Ohio Gas Co., a two-time graduate of former Industrial Gas Schools. Mr. Modlin detailed the factors to be considered in surveying a plant for industrial fuel uses, and in-plant feeding.

The inspirational sales talk that was to be given by Milton J. Firey, an old

friend of Industrial Gas Schools, had to be cancelled on account of his sudden illness. Pinch-hitting, F. M. Kaiser, vice-president, Detroit-Michigan Stove Co., came to the school and gave his views on selling and salesmanship. Mr. Kaiser said that millions of dollars were expended in plant, tools, promotion and advertising—but it was up to the salesman to move the product and produce a profit for his company because he said, "If there isn't any profit, there ain't no business."

This 1953 Industrial Gas School was the largest ever conducted by the section and one having the most comprehensive set of lectures. W. D. Relyea, chairman, Sales Training Committee, distributed a questionnaire to the students for their comments, for the guidance of the committee preparing the course for the next Industrial Gas School.

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